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the DESIGN issue

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1stdibs CEO David Rosenblatt

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On the cover: David Rosenblatt of 1stdibs photographed by Ty Cole

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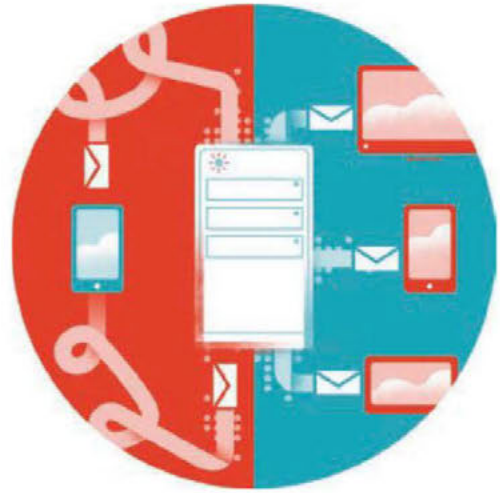

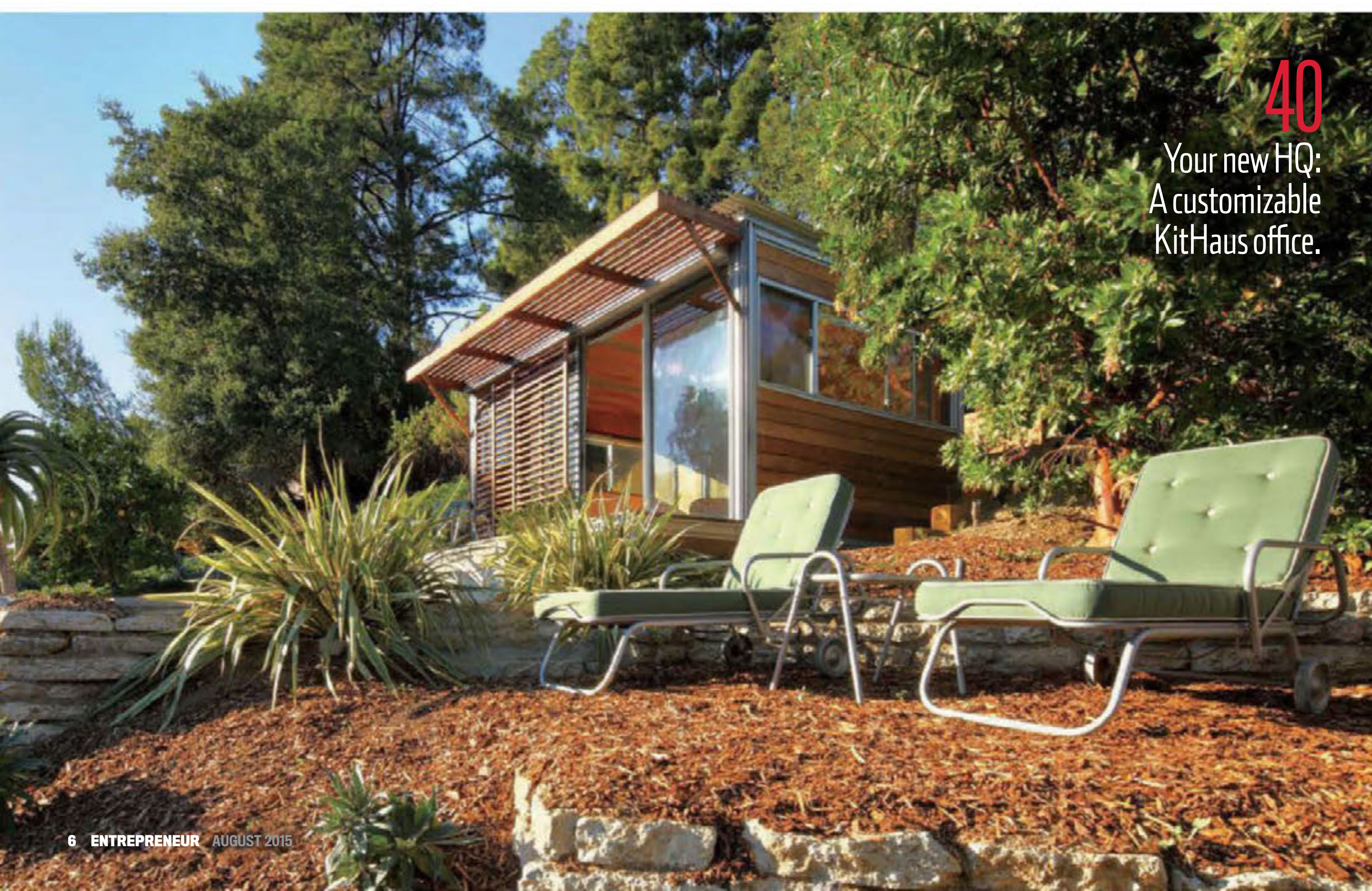

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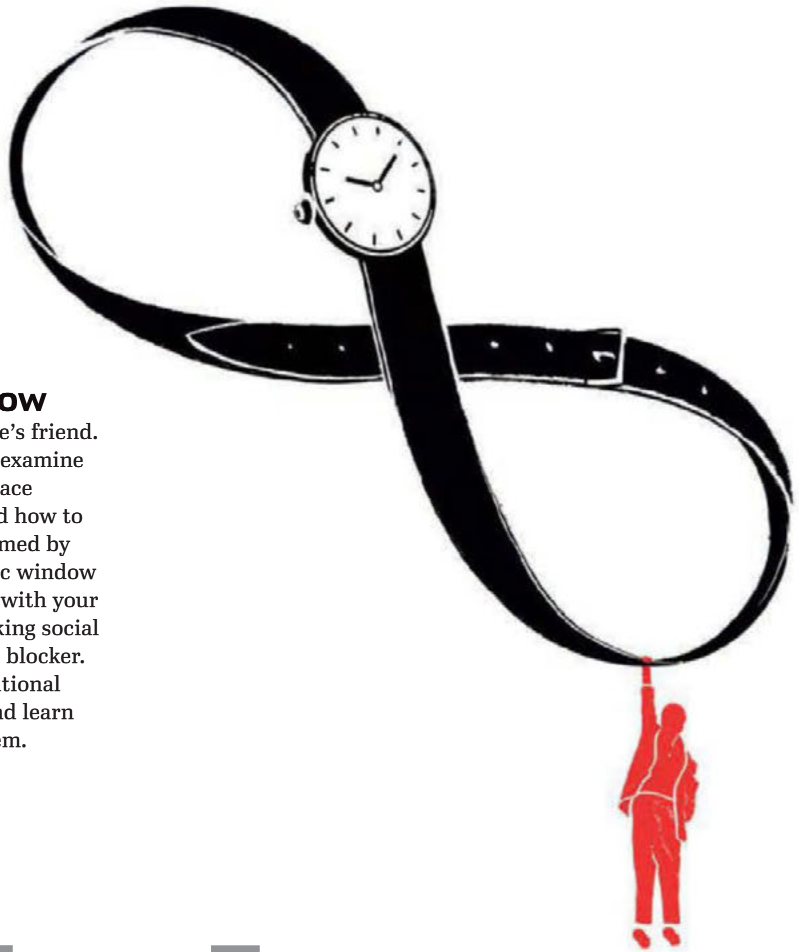

Read this now

Procrastination is no one's friend. With that in mind, we examine the top 10 workplace productivity killers and how to fight them. Overwhelmed by email? Reserve a specific window of time each day to deal with your inbox. Addicted to checking social media? Consider a site blocker. Check out eight additional office time-wasters and learn how to quash them.

What's on Entrepreneur.com?

Got your back

To be an effective leader, you must truly care about your employees, according to *Bar Rescue*'s John Taffer. "If I'm your boss, and I truly want you to be successful … I'm inherently going to teach you, I'm inherently going to correct your mistakes … I'm inherently going to lead you. If I don't care about you, the leadership is bull. It's fake." We've got more words of wisdom from Taffer in our exclusive video.

Leadership lols

What do Bill Gates, Tina Fey and 6th-century Chinese philosopher Lao Tzu have in common? They've all made our list of laugh-out-loud-worthy quotes about leadership.

Productivity hacks

From making checklists to setting clear goals and acting on them, we've got 10 tips from startup entrepreneurs on how to accomplish as much as possible every day.

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Dine and dash in Silicon Valley
(Leave your soul at the door and come on in!)

I just returned from the Shift Conference in Split, Croatia. Witnessing a hackathon teaches you something about soul, about youth and the bridge between the two. I don't know if it was the ridiculous energy of 1,200 twentysomethings hopped up on caffeine and adrenaline, or the sultry, slow-moving intensity of a country trying to forge its way economically, but attending this event got me thinking about what it means to be a startup vs. what it means to be a startup with soul.

Let us take a moment to honor soul—the vital force that gives you and your business a vibe. Soul is the handshake that acknowledges that you believe and that you are present. It is the central tenet of your company culture.

It's hard to explain entrepreneurial soul, but once you experience it, you know what it means. It's what gives you purpose. It's at the core of every sustained business—the ones with heart and emotion and customers who just can't live without them. A business without soul? Flash in the pan.

I learned a lot about soul at this hackathon, which has become an annual mecca for me and my brain, which came along for the ride. It's a lesson in the passing of soul in Silicon Valley and the rising of the machine in other parts of the world. It's a lesson in disruption and the preservation of purpose.

Take a look at most tech startups in the Valley. They represent something we call the "dine and dash" model of economics. It can be very lucrative, but it is cold and calculating, and it lacks soul. It's the accelerated-growth model: Get your value high, make yourself seem important and … cash out. Going corporate—being bland and predictable whilst wearing ties—is a sad byproduct of the binary economy. Sign here, and sell your soul.

I would wager that selling your soul does not create a lasting impact on the economy or, more important, our culture as a whole. Soul matters. Bland does not.

This issue has soul. Our own Jason Ankeny takes an in-depth look at 1stdibs, a company that has upended the most exclusive market of all—luxury goods—by releasing the stranglehold of traditional auction houses and making beautiful items accessible to everyone through, you guessed it, technology. Talk about soul—this is an entirely new business model based on pure passion and desire. We look at design and the guiding principles you must observe as an entrepreneur to create a brand with an authentic spirit. And we look at individuality and disruption from every angle.

What is soul? It's the emotion you have in the moment. It's what keeps your pulse, and that of your company, beating. It's what keeps you kicking chairs out of frustration or joy and keeps you fearless when challenging convention.

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Brilliance in the making

I came from absolutely nothing and worked my entire life pursuing my entrepreneurial dreams. As a young African-American woman, from some of the worst inner-city neighborhoods you can imagine, I had to work 10 times harder than anyone else to graduate from college, start my business, etc.

The bottom line is: Today, I was feeling like a failure. I own a small business and work my butt off day and night to care for my employees and family. In the last few months, I've focused more on my past failures than my current successes. The result … a fear of innovation *and* stagnation!

As you stated, "The twisty, curvy road to innovation is lined by a boneyard of failures … Focus, vision and a clear view of your endgame are the ingredients for success" (Editor's Note, June).

Thank you so much for your words of wisdom. You have no idea how those words touched me!

By the way, I wrote just above your article that next year, 2016, we will be the company you write about that has done brilliant things!

Zenja Glass
Prospect Heights, Ill.

Life studies

I just finished my sophomore year at Loyola University Chicago with a double major in Advocacy and Social Change and International Studies, double minor in Visual Communication and Catholic Studies. I wanted to write to you because I absolutely loved "Creating relevance" (May).

My dad shared this article with me. He's a very successful business owner—he's driven, incredibly intelligent and a huge inspiration to me. However, I am clearly headed down a rather different path. For a long time I thought it would be hard for such a business-minded person to support me in my rather fluid major choices (and potential—my dream jobs are anything from working in education policy to being a creative director for TOMS).

I don't have a strict plan, and that scares a lot of people. But I know—and from reading your article I see I'm not alone in this—that my course load, exams and reading lists matter far less than the invaluable skills I'm gaining in critical thinking.

Megan Lynch
Chicago

No prob

I just wanted to reach out and say thank you for *Entrepreneur*—period! I am not a usual magazine reader, but I am just so thirsty for personal and professional growth. I found this magazine amazing.

Priscilla Pacheco
Fountain, Colo.

TWEETBACK

We asked our Twitter followers: What does disruption mean to you and your business?

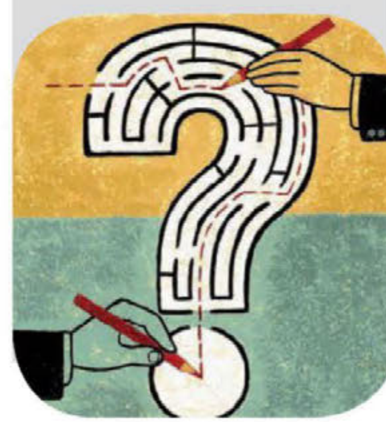
@templecrash: Don't mimic a natural system if it's broken—expose and explain the problem by designing a better alternative.

@EmmaGroff: Disruption represents opportunity for change, improvement and innovation.

@dtelepathy: Disruption is breaking the norm and offering a smarter, better way to do business. It's more than differentiation; it's evolution.

@HeyDaveA: Disruptive innovation is essential for rapid growth. Innovative companies expand; disruptive companies explode.

@seanmmitchell: Questioning the status quo. Thinking different for the betterment of society.



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Designed for use

Japan's Muji puts product before brand

Tucked behind a CVS Pharmacy and a Marshalls on Hollywood Boulevard sits the Los Angeles outpost of Muji, a Japanese brand that is venerated by design enthusiasts around the world.

The store offers a bastion of calm amid the chaos of the boulevard, where character actors do their best Marilyn Monroe or Charlie Chaplin impersonations. Inside the 8,600-square-foot Muji space, with its exposed brick columns and reclaimed wood finishing, are orderly displays of minimalist furniture, housewares, apparel, stationery, food and electronics. The elegantly designed products, which carry no visible brand identifiers, evoke a subtle aesthetic that entices customers to come closer. It is that laid-back beauty, that determination to offer tranquility in a world of noise, that has earned the brand a cult following.

"Muji isn't actually very well-known," says Eric Kobuchi, West Coast sales operations manager. "We're known among design-oriented visitors, especially from London or Paris, but we have yet to be a household name."

Muji was founded in 1980 in Japan by the Seiyu Group, which also owned supermarkets and shopping centers, as a response to excess and the overflow of new products into the Japanese market. Rather than developing more foreign-made luxury brands or manufacturing poor-quality, low-priced goods, Muji's founders envisioned a collection of tasteful yet affordable products. (Muji is now part of Ryohin Keikaku, which was launched in 1989 to manufacture and distribute the company's products. The company is traded on Japan's Nikkei Stock Average.)

Muji has 702 stores worldwide, which drove revenue for the most recent fiscal year up 18 percent to 260.25 billion Japanese yen (approximately $2.14 billion), fueled by growth in Asia, especially China. There are currently nine stores across the U.S.; two more are expected to open this year.

Kobuchi says Muji's birth was predicated on two ideas: the concept of *mujirushi,* the "non-brand," and *ryohin,* the value of good products. The company's mission is to develop simple products using the best materials and sell them at reasonable prices.

The brand's dedication to detail can easily be missed. "Product design is not a medium for emphasizing the individuali-

PHOTO © JOE SCHMELZER

Neat and clean: Housewares at Muji's Hollywood Boulevard store.

ty of lifestyles of designers or end users," Kobuchi says. "A Muji product's shape is determined by its purpose and by continuous refinement over a long period of time." This strict adherence to each object's core character was as evident in the company's 40 original products as it is in its current line of 7,000 items, ranging from clothes hangers to prefab houses.

One breakout product was a wall-mounted CD player, introduced in 1997 and still sold in Muji stores today. Rather than navigate a dizzying array of buttons, a customer need only pull a string to start the device, much like turning on a fan. The CD player's design relevance was highlighted when it was added to the permanent collection of New York City's Museum of Modern Art. (The museum also sells many Muji products in its gift shop.)

This commitment to classic design principles of form dictated by function has inspired loyalty among designers, as well as customers. Though Muji has worked with English furniture giant Jasper Morrison, Italian modernist Enzo Mari and Japanese architect Shigeru Ban, their names don't appear on the products.

"They identify with Muji's concept and philosophy of selling the product and not the brand," Kobuchi says.

By allowing each product's value to present itself organically, Muji has become a brand that transcends cultural barriers. In addition, it has elevated anonymity to a badge of honor that resonates with a new breed of conscientious consumers. *—Carren Jao*

PHOTOS COURTESY OF MUJI

THE MUJI WAY

The Japanese brand's aesthetic runs strong through each of its 7,000 products—but some appear to be so simple that it's easy to miss key details. Here, five products and their considered elements. *—C.J.*

Regular aroma pots heat oil from a candle, burning out quickly. Muji's worldwide bestseller, the **Ultrasonic Aroma Diffuser** ($69.50), is designed with simple lines and uses an ultrasonic plate to diffuse oil without changing its scent. A separate dimmer-equipped LED can help set a restful mood. A timer shuts the diffuser off after three hours.

More than a traditional beanbag, the **Body Fit Cushion** ($150; cover sold separately, $40) is filled with microbeads that conform to a user's specific body type and resist crushing over time.

The window in the **Clear Tip Double Ended Highlighter Pen** ($1.95) allows users to see text on the page while gliding their highlighter, no lifting necessary.

Muji constructs its **Bath Towel with Further Options** ($17.50) so it doesn't unravel when cut. This allows customers to downsize the towels into bathmats or dust cloths when they become too worn for their original use.

Available only in Japan, Muji's line of **prefab houses** (starting at about $131,500) offer affordable, bespoke housing on a tight budget. The Vertical House has no partitions or full walls, providing as much room as possible within its 14.5-by-27-foot space. The Window House allows owners to adjust window position before installation to accommodate their favorite views. The Tree House has an open interior balcony to allow for cross breezes.

Muji's Vertical House.

Sole men

A modern footwear company reimagines classic styles

Greats is not your father's footwear startup, but chances are Dad will dig its shoes, just like you do. The company's approach to timeless classics like high-tops, slip-ons and chukkas is both stubbornly traditional and refreshingly modern, translating to products perfectly suited for stylish, sophisticated gents of all ages.

"The name of our company is very relevant to our design concept," says Greats co-founder and CEO Ryan Babenzien. "We said, 'Let's pick the greatest silhouettes in men's sneakers and footwear, and design our DNA into them.'"

That DNA splicing is what sets Greats apart. Its old-school sensibilities are rendered in distinctly contemporary materials and colors. For example, last year the company produced limited-edition versions of its popular Royale sneakers in silver and gold leather, the latter attracting the attention of NBA star Kevin Durant, who donned a pair in the hours leading up to a key playoff game.

"There's something familiar about our styles, but unique," says Babenzien, a former marketing exec at sneaker manufacturers Puma and K-Swiss who launched Brooklyn-based Greats in 2013 with Jon Buscemi, a veteran of DC Shoes and his own Gourmet Footwear. "Gold and silver leather is not subtle. But the style itself is very traditional."

Greats' approach to shoe retail is decidedly more unconventional. Its business model most closely resembles the Warby Parker formula for eyewear sales, eschewing wholesale partnerships in favor of marketing directly to consumers online. That enables Greats to sell high-quality footwear at a fraction of the cost associated with its established competitors; Babenzien says his company can offer an Italian leather shoe like the Royale at $159, while the same shoe would retail at a high-end department store for about $500.

Greats is also exploiting inefficiencies in the manufacturing chain. According to Babenzien, most shoe designers' wholesale partnerships require them to begin developing new products at least 12 months ahead of retail release—meaning they're making long-range bets on which styles, patterns and colors will be in vogue by the time the shoes hit stores.

"You're taking a leap of faith that the color you selected back in December is still meaningful *next* December," Babenzien says. "We don't have to do that. We can stay right on top of trends and design a shoe and have it for sale within five months."

Greats kicks off the design process by identifying the kind of shoe it wants to create and the unique twist it can supply; for instance, adding a running outsole to a traditional chukka silhouette, essentially merging two classic themes to forge something new. From there, the team embarks on extensive wear testing to guarantee that its shoes

PHOTOS COURTESY OF GREATS

feel as good as they look.

"Functionality in footwear is something that can either be seen or felt, or seen *and* felt," says design director Salehe Bembury. "We feel strongly that when you put on our footwear you should definitely feel how lightweight it is, or how sturdy and durable it is."

Greats releases shoes virtually every week. Some are entirely new styles, while others are new spins on signature designs, like another recent variant on the Royale, this one developed in collaboration with Manhattan-based streetwear brand Only NY. A joint effort with the Orley family of designers (Matthew, Alex and Samantha) yielded pastel-hued suede sneakers, ushering Greats' entry into women's footwear.

Greats had sales of $1.2 million during the second half of 2014, and Babenzien says the company is on pace to generate $5 million to $7 million in 2015. In July 2014, Greats closed a $4 million Series A funding round led by Resolute Ventures.

Babenzien believes continued success is a shoo-in. "If you look at any runway show over the last few years, they've all featured sneakers. The brown-shoe business that dominated over the last 10 years has waned, and we're moving into more casual footwear," he says. "Everything in the fashion business has a life cycle, but there are some staples that are pretty constant, sneakers being one. It's very unlikely that sneakers are going to evaporate off the planet and out of everybody's closet."

—Jason Ankeny

PACKAGING OF THE MONTH

By Andrew Gibbs

WHO: Believe in, a U.K.-based design studio, created branding and packaging for London's Finchtail, a new company focused on solving everyday problems with simple, sustainably made products. The first is a cardboard tablet stand that retails for about $5.

WHAT: The identity design features a playful logo shape inspired by the stand itself. The design language is human-centric, helpful and informative. The overall look is purposefully utilitarian, with basic shapes and elements used throughout to add personality and emotion.

The tablet stand and package are printed with black and white inks, while the outer packaging is a vivid orange stock that contrasts nicely with the neutral kraft-board product inside. An additional kraft-board case for 12 products doubles as a point-of-purchase dispenser. The package is made of 100 percent recycled material; the tablet stand, which can also support a smartphone, is made of 71 percent recycled material and is fully recyclable.

Believe in also created a suite of launch materials, including printed matter and a responsive website.

WHY WE LOVE IT: Finchtail's mission is to create simply crafted, purposeful products, and Believe in carried this through to the brand's packaging and identity system. It's a fresh, bold, approachable look that will resonate with Millennial consumers who value products that are well-designed, affordable and environmentally friendly.

ANDREW GIBBS IS EDITOR IN CHIEF OF THE DIELINE AND EDITORIAL AND CREATIVE DIRECTOR OF *HOW* MAGAZINE.

Office away from home

New temporary rental options offer convenience, style and cachet

By Elaine Glusac

Matthew Jonas, president of Homewood, Ill.-based digital marketing agency TopFire Media, makes his business-travel bookings in this order: airfare, hotel, office. "I'm old-school. I like to meet my clients face to face," he says. "I find it more professional to do so in a physical office space than a coffee shop or the lounge of a hotel."

To that end, he uses ShareDesk, which books meeting spaces by the hour at 2,400 venues worldwide. Launched in 2012, ShareDesk is among a growing wave of companies that offer temporary office options for digital nomads—ranging from traditional offices to hotel rooms and apartments. Another, HotelsByDay, which launched earlier this year, lists hotel rooms available for six to eight daytime hours in 16 markets, including Chicago, New York and Los Angeles.

This facet of the sharing economy—or, rather, the monetizing-of-underused-assets economy—can be cost-efficient for entrepreneurs. Anna Maria Sandegren, editor in chief of online fashion magazine Precious 7, has used HotelsByDay to refresh or hold meetings between shoots in New York. "It's super convenient and cheap," she says. "For a small startup to spend $1,000 for a hotel room doesn't make sense, but it's worth it for $110."

HotelsByDay is being pitched to jet-lagged travelers and workers seeking privacy and repose. More than half of bookings take place within 24 hours of use and cost less than $100; real-time availability is posted on the company's app. Hotels have been dealing with "the stigma of day use" for many years, says CEO Yannis Moati. "We think it's the right time to bring it out of the shadows, and technology allows us to do that."

There are many other options in the category. Breather, which started in Montreal before rolling out to New York, San Francisco and Boston, offers smartly designed workspaces with residential features like couches for about $25 per hour. LiquidSpace, with access to 5,500 workspaces, has an iPhone app that allows users to search by price, amenities, location and dates. Mobile bookings occur, on average, less than 20 hours prior, vs. 4.5 days out via computer.

The digs can boost appearances for startups. "It helps to make my business seem bigger because I can say now that I have multiple locations for meetings," says Ryan Derks of Independence, Mo.-based investment firm Ravenna Capital. He occasionally rents from Regus, which has some 3,000 spaces worldwide. Then, he adds, there's the networking. "I've met many other entrepreneurs who are using the same mobile offices, and together we can brainstorm and help each other."

Private time begets productivity, says Vancouver, B.C.-based Adarsh Pallian, CEO of business-travel app Trippeo. "Starbucks had been my go-to meeting point," he says, describing his switch to Breather. "It costs a minimal fee to rent the space, and you go in and relax and get your thoughts together. And at least you don't smell like coffee when you leave."

CHICAGO-BASED ELAINE GLUSAC COVERS TRAVEL FOR *THE NEW YORK TIMES, NATIONAL GEOGRAPHIC TRAVELER* AND OTHERS.

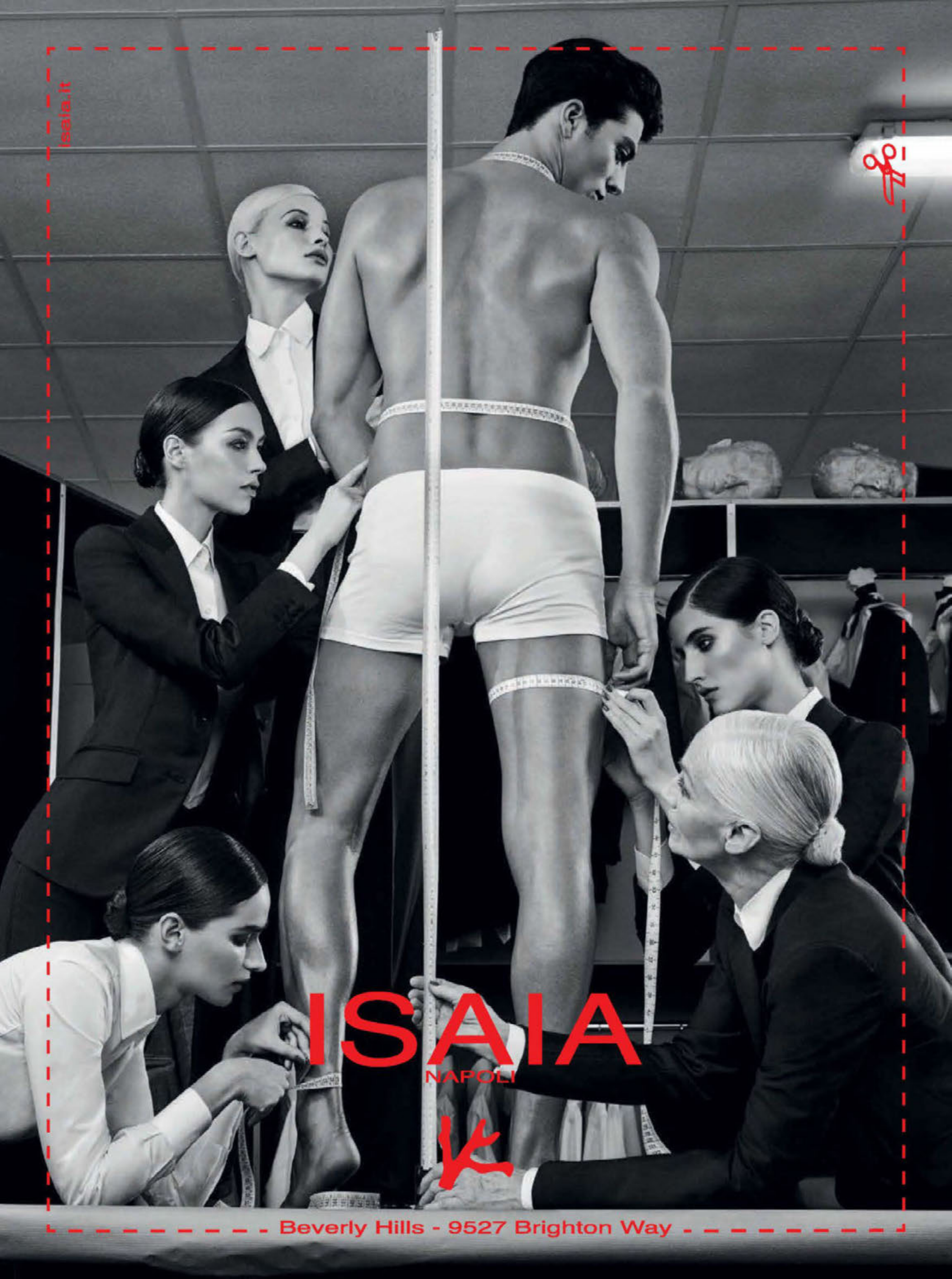
Your corporate travel program (no corporation necessary)

DESPITE ADVANCEMENTS in conferencing technology, 51 percent of small-business travelers say the frequency of their travel has increased over the past five years, according to a poll by Expedia. The online travel agency noted that the average small-business traveler takes eight business trips per year and stays 17 nights annually in hotels, spending an average of $987 on a round-trip flight and $288 nightly for a hotel.

Acting on that data, Expedia has jumped on what it sees as an opportunity: to provide the same travel-volume clout to small operators that large corporations enjoy. Thus the launch of Expedia+, a loyalty program for small-business owners.

When employees enroll (for free), they are upgraded to Expedia's silver membership tier, which offers upgrades and freebie amenities at more than 1,400 participating hotels. For every 10 overnight stays at qualifying hotels, the company earns a $100 hotel coupon to be used on a future stay or given as a gift to employees for leisure travel. Addressing the common lack of a travel department in small businesses, the service features an online dashboard that tracks expenses and maps all company travel.

Rather than encouraging loyalty to one hotel brand, the program incentivizes travelers to book at a range of hotels via the online travel agency. Explains Expedia's Sarah Gavin: "You don't want to have to say 'My employees have to stay at a Marriott' if it's 15 minutes from the meeting when a Hilton is next door." *—E.G.*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+ **ON THE APP**
CHRIS PHILPOT'S ANIMATED LOOK AT DEFENDING YOUR IDEA

On the defensive

Your great idea's been challenged? This means war.

By Ross McCammon

Let's assume that an idea you've proposed is being challenged out of the blue. You didn't come into the meeting expecting to have it out. But here you are. You believe in your idea. You don't need to "come to an agreement." You need to champion and persuade. You need to defend. You need to strengthen your argument on the spot. You're not going to let some rhetorical flourish by somebody less invested than you derail what you've been working to achieve.

Keep in mind that when challenged directly, you have freedom from the normal rules of etiquette—freedom to be a little unhinged. And you should exploit that freedom. So, the guidelines for this kind of argument are different from those for a less-fraught argument.

Think of the argument as a war. In the linguistics community there is a general distaste for thinking of arguments this way and using terms like "keep defenses up" and "target weakness." (See Colby College philosophy professor Daniel Cohen's TED talk on arguments.) There's a general distaste for favoring tactics over substance. But this applies to debates (especially political debates). And you're not having a debate—you're being sandbagged. So, tactics it is.

Don't be fair. There isn't anyone in the room—not your adversary nor your business partner (if, in fact, your partner and your adversary are not the same person) nor the intern in the corner wondering where all this tension came from—who thinks that this level of argumentation is somehow "fair." No, it's you vs. the obstacle. And you do what you need to do to get it out of your way. Hyperbole is OK. Indignation is OK.

Here's a formula to help you set your general tone: Take your level of indignation, add to it whatever tone your current email signature is projecting, subtract 90 percent of your rage, then add the words "With all due respect."

Let the other person speak. Debate coaches and psychologists say listening is important. And it is. But in a heightened

ILLUSTRATIONS © CHRIS PHILPOT

situation, listening isn't as important as simply not speaking, which makes it seem like you're listening, even if you're just staring at the other person's mouth and wondering if your next cup of coffee should be "Donut Shop Blend" or "Artisan Roast."

During a meeting, there's great benefit in not speaking. During an argument, not speaking provides an opportunity for your adversary to unintentionally talk everyone out of his or her idea. There are two ways to win: by winning, or by allowing the other person to lose. If they want to talk, let them.

There's a phrase you should use at least once. No matter how forceful you are, don't demean the other person's position. Travis Cochran, head coach at kids' camp program Capitol Debate San Diego, suggests, "Try this simple rhetorical parry: 'That's a good point. However …' This is the debater's ace in the hole. You validate the idea, but also put it in a box—and then you step on that box to advance your argument."

Confuse with statistics. In a survey of 4,139 debate coaches, 89.5 percent suggested going easy on stats.* Because, they say, stats are not compelling; stats don't change minds. But I believe this ignores an important utility of numbers: annoyance and confusion.

Argue the other person's point for them. An old *Esquire* relationship tip goes like this: "Preemptively say, 'I'm sorry, too,' when in the midst of a vicious argument with a loved one. Works only once per relationship. But it works."

Consider your idea as your loved one and argue the other person's side in the middle of arguing for your side. It's a rhetorical stun grenade. Then once you've made their argument for them, dismiss it and return to your own argument.

This technique can be used for a friendly debate, too. William Henderson, co-founder and CEO of Portland, Ore.-based Knock Software, used to swap positions with his partner when they couldn't come to an agreement. "We would argue the opposite point that we were arguing before. There are two sides to every issue, and, you know, if you're not getting anywhere with the debate, why not try the other side?"

KEY TECHNICAL MATTERS

When defending your idea, you want to be indignant and deferential at the same time. In a word: "indignerential."

Fairness is overrated.

Think of the argument as something between a skirmish and a donnybrook. A scrap, perhaps.

Make your point. Then allow your adversary to make a point.

Say, "That's a good point. However …" Then make your point again.

Use stats to bolster your point. Think of them as tools of shock and awe. It helps if they're used in a meaningless way: "4 million experts can't be wrong."

Hyperbole is good. Superlatives are good.

Superlative hyperbole is the best ever!

Don't lie. This one's tricky. I've written before about using words like *always* and *never*. In general, it's a bad idea, because when you use those words, you are lying. Things are not "always" as you say they are, and it's not true that something "never" happens. These words don't just make you lie; they suggest, "I'm all in. I won't compromise."

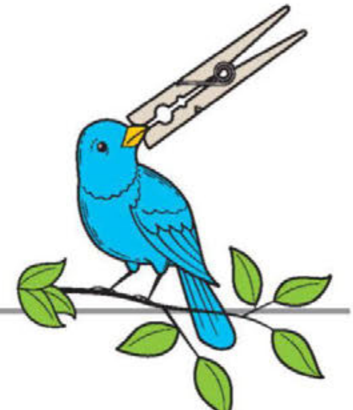
There's a difference between arguing to win and being obstinate. Words that suggest extreme commitment make you seem intractable, Cochran says: "You seem as if you're not reasonable or open to interpretation or open to discussion."

This is a mistake. But it's a mistake of tone, not words. Tone is the difference between lying (bad) and hyperbole (good). Lying: "This product isn't good." Hyperbole: "This product isn't good. It will not get good. If we renamed this product 'Good Product' it would still not be a good product." Tone.

When you're arguing to save a great idea, you don't have to listen too intently, you don't have to go easy on the anecdotes, you don't have to choose your words carefully. You just have to curb your indignation and your etiquette at the same time. Most important, you have to believe.

ROSS MCCAMMON IS A SENIOR EDITOR AT *ESQUIRE* AND AUTHOR OF THE UPCOMING BOOK *WORKS WELL WITH OTHERS* (DUTTON).

**Entirely made up.*



How to defend your ideas in an argument on Twitter

Step 1: Realize that you will not win the argument.

Step 2: Call your mom. Eat a sandwich. Go outside.

Those are the steps.

You're not going to win an argument on Twitter because you are arguing with someone who is the kind of person who would argue on Twitter, which is to say: a strident person. These are people for whom an argument is just a forum for aggressive expression and defense of ideas they already have.

"When you start to have a conversation in a medium that's already designed to truncate what it is that you're trying to talk about, it's already designed to be sensationalist," says Capitol Debate's Travis Cochran. "You're not given the time to ramble. You're not given the time to have dramatic pauses."

If you decide to use Twitter to make your point, use it in the way it was never intended: in a serial argument over multiple tweets. The long "1/46"-style posts are effective because your argument isn't compressed. You're not taking anyone on directly. You're spelling out a position in a nuanced way—with rhetorical flourishes, peaks and valleys, pauses and rambling. And, most important: time.

The platform for pros

New ways to use LinkedIn

By Ann Handley

Let's start with the data: More than half of marketers surveyed say Facebook is the most important social network they use, according to the 2015 Social Media Marketing Industry Report by San Diego-based Social Media Examiner. LinkedIn came in second: 71 percent of marketers use it, but only 21 percent cite it as the most important social network. (Twitter ranked a distant third, at 12 percent.)

But here's another interesting and perhaps more telling stat from the same report: While 66 percent of respondents want to improve their knowledge of how to use Facebook, a disproportionate 62 percent want to learn more about LinkedIn. And 66 percent of marketers plan on increasing their LinkedIn activities in the next 12 months.

"If your target audience is other businesses, our research clearly shows that marketers are doubling down on LinkedIn in the next year," says Michael Stelzner, CEO of Social Media Examiner and author of the report.

It thrills me to see LinkedIn gaining ground. I've long held that it's the dark horse of the social media platforms—and the workhorse of the bunch. If Twitter is where you go to meet people you don't know, and Facebook is where you go to talk with friends, then LinkedIn is where you can meet up to get work done.

And everyone is there. I could trot out the oft-quoted stat that more than 300 million of us are on LinkedIn. Or you could rely on your own experience: Doesn't every professional you know maintain some kind of LinkedIn profile? Put it this way: I've yet to meet a grown-up who isn't on LinkedIn, but I've met plenty who aren't on Twitter or Facebook.

You might think of LinkedIn as simply a kind of digital Rolodex—a place to park your résumé and perhaps network a bit. But it's also a rich tool for generating business—increasingly so, in fact, because the network itself has developed ways to make this easier.

"The platform is designed with networking in mind for our members," says Jason Miller, who leads global content marketing for LinkedIn Marketing Solutions. "But it's also an amazing tool for generating leads, and the key to that is the data LinkedIn has."

So what's the best way to start?

NAIL THE BASICS. Get a few fundamentals solidly in place before you think about tapping into LinkedIn's more robust capabilities. First, optimize your profile, considering: What keywords or terms do your customers use to describe you? The key to a successful LinkedIn profile isn't to describe what you do as much as to describe what you do *for others*. It's a subtle shift, but a significant one.

Also, remember that LinkedIn is a social network—the optimal word being *social*. To start, engage with prospects through sharing, commenting and liking. This is key to building trust and relationships and understanding the conversation on the platform—before you dive in with your own content.

Finally, establish your company's page as the foundation of your content and social strategy, in addition to your profile. Miller recommends publishing and sharing relevant content on your company page on a daily basis.

TURBOCHARGE YOUR NETWORKING. Consider using Sales Navigator, a premium LinkedIn tool, to make your networking muscles a little more ripped. Priced from $47 to $99 per month (with a 30-day free trial option), it allows you to harness the network's data in a way that accelerates relationship-building with prospects.

For example, it will recommend sales leads you should be connecting with on the site; allow you to track updates and news related to people and companies important to you; and unearth mutual connections—including people at your own company—who can introduce you.

DROP THE GENERIC DEFAULT MESSAGES. LinkedIn prepopulates forms with messages you can use to follow up or network with prospects—"I'd like to connect with you on LinkedIn." There's nothing wrong with them, per se. But relying on them doesn't signal how much you might value a connection, nor does it say anything unique about you.

Noting that you can now (finally) send

THERE'S A MYTH OUT THERE THAT YOU CAN'T DO IT ALL.
THE ALL-NEW RAM PROMASTER® CITY
ONE COMMERCIAL VAN, TWO CONFIGURATIONS
As either a cargo van or five-passenger wagon, it's the best way to do business.
THE BIG PICTURE FITS IN BACK
With best-in-class payload, the ProMaster City is geared to tackle everything on your list without an ounce of hesitation. Best-in-class cargo capacity means less time spent reloading and more time spent getting things done.
THE POWER TO INTIMIDATE
Ram's 2.4L Tigershark® gas engine generates best-in-class 178 horsepower and 174 LB-FT torque. Combine that muscle with an exclusive 9-speed transmission, and you get an unsurpassed standard 29 MPG HWY. It's a smarter and more efficient engine: It operates longer at lower RPMs, and the unique clutch technology results in smoother shifts and a smoother ride. Acceleration is also improved–0 to 30 takes 3.7 seconds.
CURB APPEAL
The 60/40-split rear doors are designed with deliveries in mind. The driver's-side door opens first, allowing you maximum access to your cargo and a clear path to the curb without the passenger rear-door obstruction seen on other vans.
RAMTRUCKS.COM/PROMASTERCITY
BEST-IN-CLASS PAYLOAD 1,883 LB.
5-YEAR 100,000 MI. POWERTRAIN LIMITED WARRANTY
BEST-IN-CLASS CARGO ROOM 131.7 CU-FT
RAM COMMERCIAL

a custom connection request via mobile, Dave Delaney, author of *New Business Networking*, says, “Always send a customized message reminding the person where you met and what you talked about. Don’t forget the call to action: book a coffee or lunch, or schedule a phone call.”

HYPERTARGET YOUR CONTENT. The LinkedIn Marketing Solutions suite offers several premium tools to help companies reach specific audiences. These include Sponsored Updates (think of this as native advertising on the LinkedIn platform); Sponsored InMail, which sends targeted emails to prospects but (here’s the cool part) only when they’re active on LinkedIn; and LinkedIn Lead Accelerator, which helps move your nurturing beyond the email inbox to include site and social advertising aimed at engaging anonymous people who have visited your website but haven’t yet shared an email address.

How might that last one work? Workfront, a Lehi, Utah-based project-management software company, used LinkedIn Lead Accelerator to engage its website’s visitors after determining that more than 96 percent of them popped in and left. The company used Lead Accelerator to nurture those prospects with customized waves of LinkedIn Sponsored Updates and display ads. For instance, for several weeks after visiting and leaving the solutions page on Workfront’s website, IT professionals would see sequenced ads related to tech solutions. (Non-IT visitors would see a different set of ads.)

The results: Workfront generated more than 640 leads in three months at well below its typical cost per lead, according to Mike Ward, the company’s vice president of demand generation and marketing. “The goal of this multichannel nurturing approach is to get more qualified buyers into meaningful conversations with sales,” he says.

PUBLISH LONG-FORM CONTENT ON LINKEDIN’S PULSE PLATFORM. The Pulse publishing platform offers a valuable way to share your thoughts about issues that are most relevant to your business, because the audience is built in and because it allows you better and greater exposure than you might get on, say, your blog.

“When you publish a post on LinkedIn, it’s tied directly to your profile,” Miller says. “Having your insights and thought leadership showcased at the top of your LinkedIn profile can be incredibly beneficial to expanding the conversation when prospects visit your page.”

This is especially true for topical issues: In May, Katie Martell, co-founder and CMO of Boston-based marketing technology company Cintell, wrote a piece on Whole Foods Market’s attempts at targeting Millennials that garnered close to 300,000 views and 350 comments.

Author Delaney recommends using Pulse to repost some of your best content, as long as it fits with the professional LinkedIn audience.

ANN HANDLEY’S LATEST BOOK IS *EVERYBODY WRITES: YOUR GO-TO GUIDE TO CREATING RIDICULOUSLY GOOD CONTENT.* @MARKETINGPROFS

| ASK A PRO |

ALWAYS BE CLOSING

Q: What steps can I take to make more sales?

A: Martin Limbeck, a sales trainer and author of *NO Is Short for Next Opportunity: How Top Sales Professionals Think,* offers these tips for sealing the deal.

- **Stand by what you sell.** “It won’t help your skills or your sales techniques if you don’t believe in the product or the company,” Limbeck says.

- **Set daily prospecting goals.** “To be successful in sales, you need to be sure your sales funnel is never empty,” Limbeck explains. “Some of those will come out the bottom as new customers. If you do it every day, it’s like brushing your teeth. Make it your habit.”

- **Get ready to respond.** Write up answers to every possible question (or objection) a potential customer could ask—and commit them to memory. “If a customer says you’re too expensive, have an answer for them,” Limbeck says. “In fact, have three answers for three different customers.” *—Christopher Hann*

JARGON

Go suit (v.)

DEFINITION: Getting promoted to management—and forgetting all your basic job skills once installed in an office.

USAGE: Joe was a hell of a coder until he went suit. I’d be surprised if he even remembers how to close a tag—but he sure knows how to slash our department’s budget.

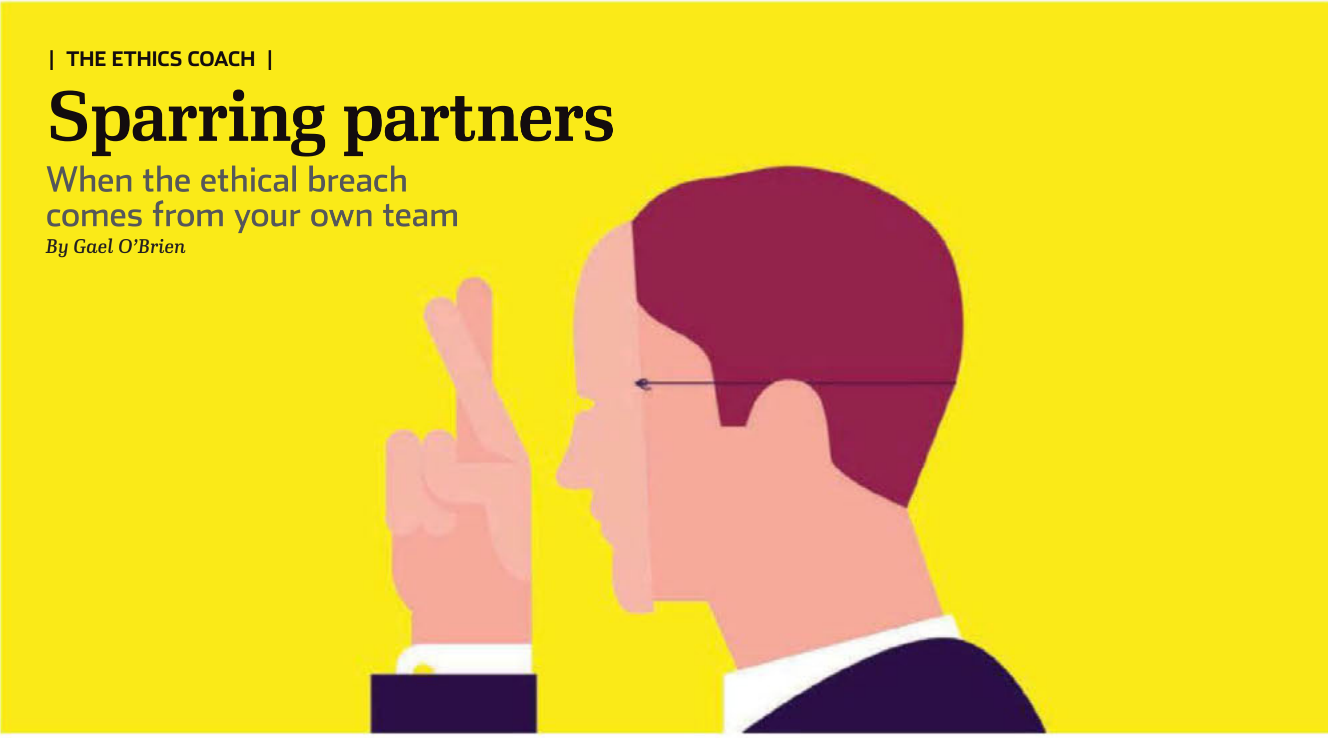
ILLUSTRATION © BEN WISEMAN

| THE ETHICS COACH |

Sparring partners

When the ethical breach comes from your own team

By Gael O'Brien



Q: One of my law partners had an intern pretend to be him and take an ethics course the partner needed to satisfy his continuing legal education requirement. When I learned about it, I challenged his actions. He pushed back, claiming he'd created a win-win situation: The intern benefited by taking the course, and the company benefited by his signing a new client while the intern stood in for him. He accused me of making a big deal over nothing. Am I?

A: This problem is bigger than lying; it underscores what happens when arrogance takes over a leader's thought process. It can be hard to argue with anyone who has rationalized his self-interest and unethical behavior into a benefit to others. Challenge him on something he has decided is the right way to act, and he's sure to throw up a wall of righteous indignation.

Your partner's moral compass is jammed. He poses a hazard to your business because he can't think through unintended consequences of actions that could hurt others or the firm. In this case, he involved an intern in the fraud, likely trapping the younger person into compliance because of the partner's position. While the partner may have assumed it was a matter between the two of them, he has no idea how far the story will travel and whether there will be personal or professional repercussions.

Certifying to any organization involved with licensing or credentialing that you met a requirement when you didn't demonstrates that you aren't honest or trustworthy. This creates a handicap to the partner's professional reputation as well as to that of your firm. The irony of it being an ethics course underscores to employees (who will have heard about it through the grapevine) that the company believes unethical shortcuts are OK. And, let's face it, the intern likely learned more from the partner's behavior in this debacle than from the course.

Your partner has set a low bar by forcing employees to make a choice between lying or being honest, and whether they should promote self-interest over the company's interests. Creating the pretext that his time was better spent signing a new client than taking the course is a sign of ego run amok.

So, what now? Talk to your other partners about the problem, what needs to happen for the good of the firm and a plan of action. Then, meet with the partner who had no time for ethics and be clear about the harm and potential harm he set in motion for the intern, for employees' attitudes about ethical standards and for the reputation of the firm and its partners, as well as himself. Also be clear about the steps necessary to try to repair the damage.

Your partner needs to understand the importance of apologizing to the intern for the position he put him or her in. He would also be well advised to sign up for another ethics course as soon as possible and actually take it. This sends a message to employees that when judgment blunders happen, good-faith efforts can correct mistakes—and, most important, that even partners are expected to adhere to ethical behavior as a standard your company expects of everyone.

Going forward, talk with your partners about how you can support one another in setting high standards in your own conduct to build and protect the firm's reputation. Arrogance is a dangerous default; it raises self-importance to a level where people believe the rules don't apply to them because their time is more valuable than others'. Partners can help each other stay real and lead by example.

GAEL O'BRIEN IS PUBLISHER OF *THE WEEK IN ETHICS* AND FOUNDER OF COACHING/CONSULTING FIRM STRATEGIC OPPORTUNITIES GROUP. @GAELOBRIEN

DO YOU HAVE AN ETHICAL DILEMMA?
Write to The Ethics Coach at ethics@entrepreneur.com.

TREASURE

Objects of desire are the stock in trade of **1stdibs,** whose online marketplace of rare antique furniture, fine art, home accessories and jewelry is a go-to source for interior designers and passionate collectors worldwide. Here's how this digital treasure chest—born of the storied Paris flea markets—has made the once-exclusive accessible, teaming with independent dealers to bring the most beautiful things on Earth to anyone, anywhere.

BY JASON ANKENY
PHOTOGRAPHY BY TY COLE

There are treasures everywhere you look. Rare things. Exquisite things. Gloriously, decadently opulent things. Over here is a George III fireplace mantel complete with Siena marble frieze, produced circa 1670. Over there is a one-of-a-kind Italian crystal chandelier designed by the celebrated glassmaker Giulio Salviati and manufactured in Murano during the latter half of the 19th century. And be sure to take a look at Berthe Morisot's 1894 oil painting *Jeune Fille au Manteau Vert*, created by the pioneering French impressionist at the peak of her fame.

These lust-worthy objects are not in a museum, mega-mansion or royal palace. They're not in an auction house catalog, either—and they're definitely not on eBay. They're all available for purchase on 1stdibs, the digital marketplace that is revolutionizing how antiques and luxury goods are bought and sold.

HUNTERS

At 1stdibs headquarters in Manhattan, a 19th-century Italian plaster bust and Mark Shaw photograph for Dior, circa 1954, decorate a mahogany credenza in the manner of T. H. Robsjohn-Gibbings; CEO David Rosenblatt (opposite).


Desk by Gio Ponti and Piero Fornasetti

Launched in 2001 as a virtual-world counterpart to the historic Marché aux Puces, the sprawling flea markets that take place each weekend across Paris, 1stdibs has evolved into the premier online shopping destination for interior designers and private collectors across the planet, aggregating furniture, fine art and other treasures from the most trusted and respected dealers in the business—dealers who were effectively blocked from doing business on the web until 1stdibs removed the logistical pain points that had been holding them back.

"My theory is that every single industry will be completely redefined by the internet," says CEO David Rosenblatt. "The world of design—and art, in particular—has yet to go through that transformation, and this is the company that will offer that opportunity. Fifteen years ago, if you wanted to buy any of the products we sell, you had to live in a city that had the right sellers, and you were limited to the products they sold. Our dealers now have access to a global audience who are buying 24/7, and our buyers have access to a global supply that is also available all the time."

New York-based 1stdibs has items for every budget. That Salviati chandelier? It'll set you back a cool $1 million. But if it's Murano glass you crave, there's a pear-shaped paperweight selling for just $75, and furniture and other items at nearly every price point. In recent years the company has made room for new categories like vintage jewelry and fashion, as well as contemporary goods from top designers like Tom Dixon.

1stdibs is extending its geographic horizons, too. Four years ago, the site operated exclusively in North America, the U.K. and France. Now it spans 17 markets worldwide. Rosenblatt credits the changes to a sharp spike in traffic: When he took over in late 2011, 1stdibs averaged fewer than 1 million site visitors per month; now it welcomes more than 3 million. While U.S. buyers once generated 95 percent of all transactions, international shoppers now drive between 30 and 35 percent of transactions monthly.

Rosenblatt has also implemented a series of technological enhancements and new buyer and seller tools, recently introducing a mobile app for Apple's iOS. In addition, 1stdibs is taking steps to increase its accessibility to an even wider customer demographic, creating content to educate consumers on the history and impact of the products its dealers offer.

The investment is paying off. Chicago retailer Antiques on Old Plank Road joined the dealer network in 2006, and owner Richard Buxbaum credits 90 percent of his sales to 1stdibs and the store's own website. He says that as of May 2015, his store had completed more than 3,500 direct sales via 1stdibs, corresponding to at least $10 million in merchandise value.

PHOTO COURTESY OF 1STDIBS/GIO PONTI AND PIERO FORNASETTI (DESK)


Paul McCobb's Planner Group chairs surround a Warren Platner table in a break room. A 1957 photograph by Mark Shaw hangs above the Danish rosewood sofa.

"1stdibs changed the whole industry," Buxbaum says. "I don't know how you can be in this business today without them."

THE Manhattan headquarters of 1stdibs is a real-world extension of the company's digital aesthetics, mirroring the website's distinctive color palette of black and white with gold accents. The lobby's custom striped Italian marble floor leads to an open space balancing staffer workstations with an eclectic mix of midcentury tables, couches and chairs, many sourced from 1stdibs dealers. Highlights include a pair of yellow Eames rockers and a striking chess-set coffee table inspired by the work of acclaimed designer Milo Baughman.

"We marry the world of design and the internet, and the office is a physical manifestation of that," Rosenblatt says. "The idea was to achieve an aesthetic that blended the best of the internet sensibility, as well as the style that we're most known for."


Georg Jensen sterling pitcher

That signature style is a reflection of 1stdibs' exacting curatorial philosophy. The company does not allow consumers to sell on its site and carefully vets all dealer partners, employing a team of specialists and experts to evaluate prospective sellers on a range of criteria, including industry reputation, financial stability and overall quality of products.

"We have a very long wait list—hundreds of dealers long—who have applied to list on the marketplace, but who we believe are not yet ready to do so," Rosenblatt says. "Part of the brand promise we offer to the consumers and interior designers who rely on the site to source product is that they don't need to worry about authenticity or the quality of the items that we sell, because we've done that work for them."

In its original incarnation, 1stdibs operated as a lead-generation business, leveraging a Craigslist-like advertising model that charged dealers a largely fixed amount per month in exchange for the right to list a designated number of items. Under Rosenblatt's watch, in mid-2013 1stdibs adopted an end-to-end e-commerce model, with all communications between buyers and sellers, as well as an increasingly large percentage of transactions, unfolding on its platform. (Buyers may also email, call or visit a dealer's own website or brick-and-mortar store to purchase items offered on 1stdibs.)

1stdibs now boasts three sources of revenue. It charges dealers a subscription price in exchange for the right to sell on its site. Dealers may also pay on a per-item basis to list and promote their wares. And if a transaction takes place via 1stdibs, the firm claims a commission as well as a credit card processing fee. Rosenblatt declines to divulge fee and commission details but says that since the e-commerce features launched two years ago, 1stdibs is selling more than $100 million of products online on an annual basis.

"Every source of [dealer] friction can be made cheaper and better by the internet," Rosenblatt says. "The most obvious one is shipping. We can do global deals with shipping carriers and allow our dealers and consumers to benefit. We can negotiate better rates because we're representing a much larger base of buyers and sellers. And in terms of the process itself, we can be the party that deals with the shipper and the carrier and handles all the logistics involved. If you put all that together, you end up with a service that's cheaper because of the rates, and faster and better because of the service levels we're able to offer by virtue of the fact that we're aggregating such large supply and such large demand."

Rosenblatt credits the more than 2,000 dealers on the 1stdibs network


Commode by Gio Ponti

PHOTO COURTESY OF 1STDIBS/GEORG JENSEN HERITAGE (PITCHER), MALLETT NEW YORK (COMMODE)

GOING UPMARKET IN A DOWNTURN

You don't have to be an established luxury brand like Cartier or Gucci to flourish in a difficult economic climate. 1stdibs' success proves you can build a luxury brand from scratch, even in a recession. Founded in 2001, the online antiques and fine art marketplace has grown dramatically since the turn of the decade, nurturing an increasingly global dealer network that sells more than $100 million of products online each year and welcomes more than 3 million website visitors each month.

"The answer to how you build a luxury brand through an economic downturn is no different than how other fantastic brands have held their value, like an Hermès or something like that," says 1stdibs CEO David Rosenblatt. "It all boils down to having a great product supported by great service. If you have that, not only are you able to weather downturns, but in many senses you benefit from them."

In the case of 1stdibs, that means offering customers one-of-a-kind objets d'art, handcrafted furniture and other treasures likely to retain their value or even increase in value over time, as opposed to inferior, mass-market substitutes. "Rather than being a purchase, it's easy to consider them an investment," Rosenblatt explains of his company's wares. "And when you make investments during periods of economic weakness, they tend to have a higher return than optimizing for price and buying items that may be less expensive at the moment but are also worth next to nothing in the future. High-quality, well-crafted items appreciate over time. They don't depreciate."

1stdibs has also benefited from consumers' growing appreciation for design as well as demand for products that express their personalities to the world at large—lessons for all brands, luxury or otherwise, to consider.

"My own sense is that this has to be a reaction to the Industrial Revolution," Rosenblatt says. "Prior to that, everything was artisanally produced. Then we went into this period where very few things were artisanally produced, which meant they all looked the same and tended to be of lower quality and didn't retain their value over time. We all benefit from mass production. But we also have a desire to express our individuality through the things we buy and the things we live with, in and around."

for shaping the diversity and scope of the site's inventory. 1stdibs is strictly a marketplace, he stresses—the dealers and galleries scouring flea markets, estate sales and long-abandoned farmhouses for family heirlooms and hidden gems are the ones responsible for establishing the site as a design trendsetter and tastemaker.

"That is the secret sauce and differentiator of this business," he says. "Our job is simply to provide a platform for them to market those products to buyers."

Rosenblatt notes that the average shipping distance between a 1stdibs buyer and seller exceeds 2,000 miles. "Our goal," he says, "is to match the right product with the right buyer, and because we sell one-of-a-kind items, the right buyer and right seller could be many thousands of miles apart. Only the internet has the ability to make that connection."

Interior designer Jay Jeffers, founder of San Francisco–based Jeffers Design Group and author of the 2014 book *Collected Cool: The Art of Bold, Stylish Interiors*, says 1stdibs has transformed the way he and his peers shop for the antiques and collectibles that fill their clients' homes. In years past, Jeffers and his team were limited to items sold by local dealers or discovered in the course of their travels—in some cases, he even squired clients on shopping trips to New York or Europe in search of grails. No more.

"It's a more efficient process now, because my designers and I can sit at a desk and travel the world. As a result, instead of going on a shopping trip with one client, you're online shopping for several clients at the same time," Jeffers says. "The beauty for me is that I can create a more robust, interesting finished project because I have access to all these beautiful pieces. It makes my work better, which in turn brings me more clients."

Fred Leighton jade-and-diamond earrings

ITEMS marketed on 1stdibs are accompanied by photos and detailed descriptions: dimensions, materials and production techniques; place and date of origin; and information on the creator or manufacturer. Some even include text documenting who previously owned the piece and where it was housed. The information is intended to help customers know precisely what they're buying, of course, but also to make 1stdibs—and the world of design as a whole—more accessible to shoppers on the outside looking in.

"The difference between the average consumer and the average interior designer mostly lies in the area of education," Rosenblatt says. "Interior designers know a lot about this market, and they can recognize the differences between different furniture and designers. They understand what to look for when they buy a product. Consumers tend to be less educated, obviously. We now write profiles of individual furniture creators, so that when a consumer sees a Prouvé, they understand the difference between that and something they can buy from a big-box retailer."

Rosenblatt is no design lifer. Soon after earning his MBA at the Stanford University Graduate School of Business in 1997, he joined digital advertising startup DoubleClick, rocketing through the ranks to become president in 2000. When DoubleClick transitioned from public to private in 2004, Rosenblatt shifted to CEO, engineering the company's $3.2 billion sale to Google, consummated in early 2008. He spent a year at Google as president of display advertising before exiting, joining the boards at Twitter and IAC. The Rosenblatts were in the process of renovating their NYC apartment in 2011 when venture firm Benchmark Capital reached out to gauge his interest in taking the reins at 1stdibs.

"I'd heard of the brand, but I didn't really understand exactly what the company did," Rosenblatt admits. "The first person I called was my interior designer and asked him if he'd heard of 1stdibs. He said, 'Have I heard of it? Fifty percent of your apartment is sourced from this company!'"

Benchmark Capital, which led 1stdibs' $60 million Series A financing round, brought on Rosenblatt to replace longtime CEO Michael Bruno, the real estate broker who had founded 1stdibs a decade earlier.

The transition "was very much the plan and intention when the Series A investment happened. It was all part and parcel of Michael's decision to transform the business from a small proprietorship into something with the potential to be massive," says Benchmark general partner Matt Cohler. "I give [Bruno] an enormous amount of credit for recognizing that that opportunity existed, and that to get there, it was going to take building out the company to the next level." (Bruno

PHOTO COURTESY OF 1STDIBS/FRED LEIGHTON (EARRINGS)

Design books on George Nelson's 1950s Omni wall unit provide inspiration in the office.

remains a 1stdibs shareholder. In 2013 he launched HousePad, a to-do app for mobile devices. Attempts to interview him for this article were unsuccessful.)

Rosenblatt took over in November 2011. "What attracted me to the business was the same thing that attracted me to the internet as a career, which is that the internet allows for the opportunity to define and redefine industries," he explains. "What I saw in 1stdibs was the opportunity to create a marketplace that, rather than being U.S.-specific, was global, and rather than being limited to vintage and antique furniture could expand to support all forms of design."

During Rosenblatt's first year, 1stdibs acquired U.K. antiques portal Online Galleries, thereby tripling its European dealer community; by the end of 2013 its network encompassed retailers in Italy, Spain, Denmark, Germany and Austria. 1stdibs has since added Australia and has set its sights on the lucrative Asian market, buoyed by a $15 million investment from Chinese e-commerce giant Alibaba Group that brings total venture financing in the marketplace to $117 million.

1stdibs is also courting new dealers and customers by ramping up its marketing outreach. Since 2006, it has published Introspective, a weekly digital magazine covering interior design, fashion and art, now augmented by a blog and social media efforts. (Earlier this year, the firm eclipsed 100,000 Instagram followers.) 1stdibs sponsors international design fairs like the Winter Antiques Show, TEFAF and PAD London and Paris—events that are catnip to its target demographic. At this spring's MiArt, held in Milan in advance of the Salone del Mobile contemporary furniture fair, 1stdibs partnered with design magazine *Cabana* to host a physical pop-up store.

"1stdibs is about design and being passionate about beautiful things, and making sure that goes through every touchpoint of our brand is something we're still evolving as we grow," says CMO Adam Karp. "To me, that's what makes the brand: Wherever you look, touch and feel, there's a consistency that says, '1stdibs is the world's destination when I want to shop for design.'"

The company continues to extend its brand beyond the desktop. In February, it rolled out an app enabling consumers to search and browse items, message dealers, negotiate prices and complete purchases from their iPhone. Users can also swipe through curated product collections assembled by 1stdibs staff experts, identify retailers within their immediate geographic area, and save and share favorite items, dealers and styles.

"We wanted to give [consumers] a sense of the breadth of inventory, but also the ability to quickly discover new items," says Xiaodi Zhang, 1stdibs' chief product officer, who led development of the app. "Mobile devices can give us a tool to deliver more personalized and targeted information to you, like notifications when a dealer you favorited has published new items."

Forty percent of traffic now originates via mobile devices, Rosenblatt says. Zhang adds that they are exploring other technologies to help users find precisely what they're looking for, such as image-recognition software, as well as contextual applications to help them determine how the item might look in their home.

It's all part of Rosenblatt's ambition to vault 1stdibs into the upper echelon of the fine and decorative art market—a segment dominated by venerable auction houses Christie's and Sotheby's—by mapping the future of the industry instead of remaining stuck in its past. The incumbents have largely ignored the digital opportunity so far; Christie's sold a record $8.4 billion of art in 2014, but online sales contributed just $35 million of that total.

"This is a $350 billion international market, and [Christie's and Sotheby's] are the largest participants today. They have business models that are optimized for the very, very high end of the market, in a way that's almost exclusively non-digital and offline," Rosenblatt says. "We believe we're evolving a business model—both in terms of economics and how we aggregate products and deliver them to customers—that's native to the internet and much better suited to how people actually buy and sell online."

He knows firsthand how 1stdibs improves the collector experience. He recently attended a decorative art auction, and as each item went up for bid, he searched 1stdibs for matches.

"On average, for each of those items, we offered a minimum of five and, in some cases, 15 different versions of the same item, equally authentic," Rosenblatt says. "Some were in Europe, some were in the U.S. Some were priced higher, some were priced lower. Some were restored, some weren't. Each item could be negotiated by the buyer or bought at a fixed price. All of them could be bought on the buyer's own schedule. It's just a better way to buy." Ⓔ

Poul Kjærholm's PK-24 chaise

PHOTO COURTESY OF 1STDIBS/A. PETERSEN COLLECTION & CRAFT (CHAISE)

Live&work

FOUR TRENDS IN HOME-OFFICE DESIGN

By Lana Bortolot

No longer consigned to the basement or unused nook, the home office has emerged as one of the most important residential amenities, thanks to an uptick in both self-employment and flexible working trends.

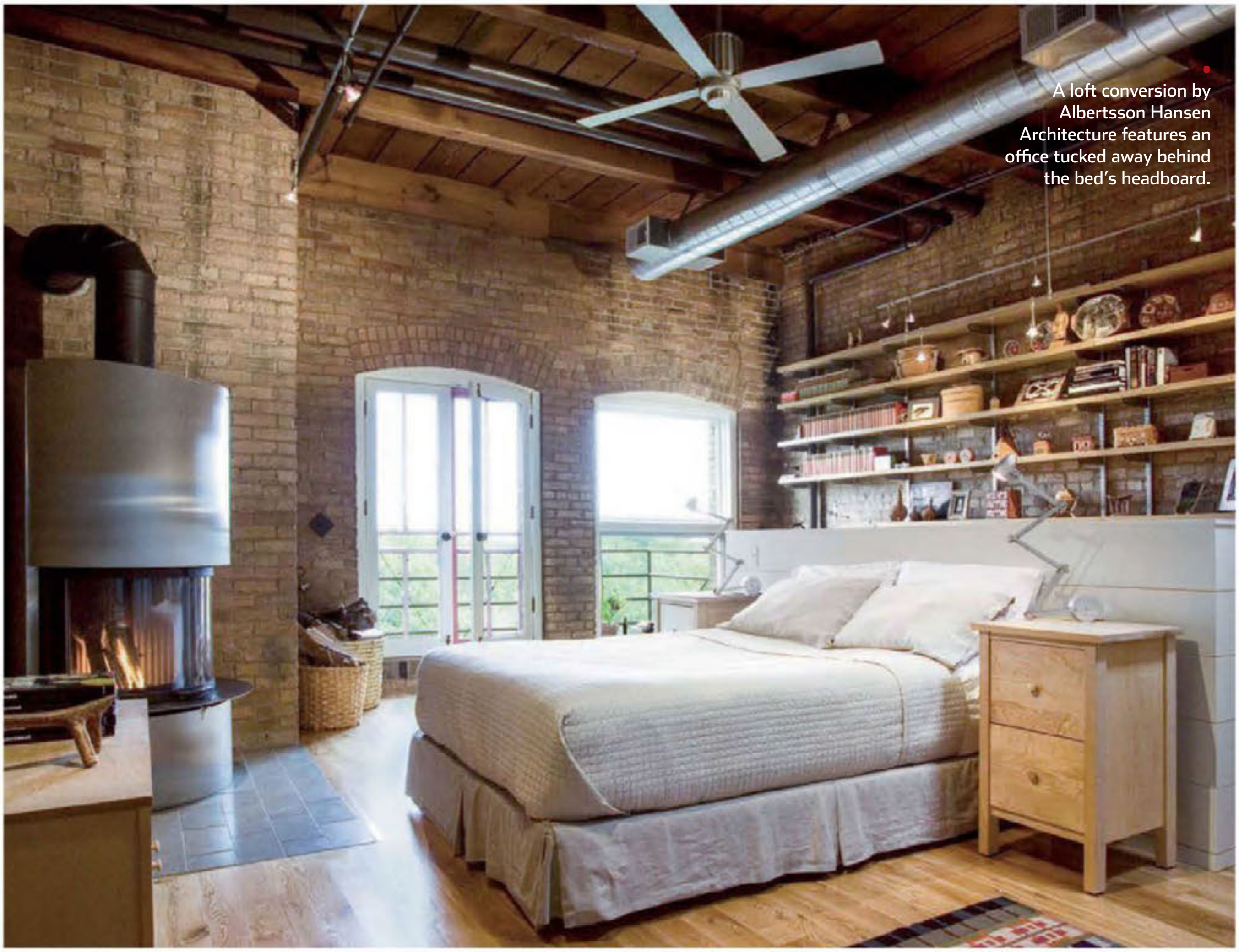
"The home office comes up all the time—it's on par with programming the kitchen and dining room," says David Dowell, a principal at Kansas City, Mo., architecture firm El Dorado Inc. "It's in the top three things we design."

Whether they're working for themselves or others, some 25 million Americans are calling home "the office" at least one day a week. Among them, 2.8 million self-employed people consider home their primary place of work, according to consultancy Global Workplace Analytics.

With the number of at-home workers on the rise—the population grew 29.4 percent from 2005 to 2012—the need for workspace is constant and evolving. We asked architects, designers and space and product specialists for their take on the trends driving the home-office sector. With options ranging from integrated systems to stand-alone "shedquarters," at-home workers aren't just making do; they're making their own ways to work. >>>

LoftCube's mobile units range from 441 to 1,035 square feet. Prices start at about $122,400.

PHOTO COURTESY OF WEITZER HOTEL GROUP - AUSTRIA



A loft conversion by Albertsson Hansen Architecture features an office tucked away behind the bed's headboard.

LESS IS MORE

Tidiness is increasingly at the center of home-office design, thanks in no small part to Marie Kondo, author of the bestselling book *The Life-Changing Magic of Tidying Up.* Kondo's neatnik ethos applies to everything in the home. In the office, she extols the pleasures of purging—not just books and paper but elaborate storage systems, which can be ditched in favor of shoe boxes.

Erica Ecker, owner of organizing service The Spacialist in New York City, says when she started her business 17 years ago, "paper was eating up every space in everyone's offices." These days, she helps at-home workers create more space by scanning documents and enlisting digital assets such as online organizers. In space-cramped Manhattan, she steers clients toward services such as Box Butler, which picks up and delivers small storage boxes upon request—an ideal solution, she says, for people who must hang on to archives, product samples or equipment.

Christine Albertsson, principal at Minneapolis firm Albertsson Hansen Architecture, says the "conversation about stuff" is one of the first she has with clients.

"There's a move toward minimal space that's smart and uplifting and not cluttered," she says. "Every person should go through their house and assess what they really need." That includes a reevaluation of equipment, which she calls "a shifting issue," as technologies for entertainment and work become less segregated.

"When people want a TV in the computer room, I say just use your computer," she says.

Dowell agrees, noting that home offices are organized around the realities of space. "You used to have to think long and hard about what kind of computer you had—where does the tower go?" he says. But now, "the technologies don't take a lot of space—everything is done from a laptop, projectors are small and with wireless printers, it's really about making sure you have the cabinet space for them.

"Most of the conversations about home offices right now are on what's really essential—what you need in order to work well," he adds. "They're in-depth conversations. No office we're working on is generic. They're all very specific to the type of work people are doing or will do over the next 10 or 20 years."

MULTIPURPOSE AND MULTILAYERED

"Acknowledge that your workspace may not be just one area, and it shouldn't be," says productivity expert Marissa Brassfield, founder and CEO of San Diego-based Ridiculously Efficient. Brassfield mixes up her routine with occasional stints in a shared workspace but spends most of the time in her backyard shed office. Designed in the style of a retro airport lounge, it also serves as a party room; along with a 20-inch monitor, a stand-up work bar and a wall painted with whiteboard paint, she has a wine fridge and travel memorabilia.

PHOTO © DANA WHEELOCK

There's a move toward minimal space that's SMART AND UPLIFTING and not cluttered.

Modular wall systems from Atlas Industries are crafted from solid hardwoods and steel.

PHOTO © MEREDITH HEUER

Brassfield is among a new category of at-home workers whom Dowell says "are trying to find ways to push work and living closer together … in a highly curated and designed environment."

When clients propose designing workspaces as part of their living spaces, Dowell asks about their habits and materials, advising, "You have to be able to tidy whatever is going on, transitioning from work to entertaining."

When Albertsson took on a Minneapolis warehouse conversion—the ultimate visual expression of work and home—she fashioned an office in a loft using the headboard of a bed as a screen that hides the workstation. The upholstered half-wall conceals the desk, computer and research materials, yet is integrated with the rest of room, displaying travel souvenirs as a backdrop.

Other projects architects say are in demand from their clients include "command centers" that are open to the kitchen and "homework bars" where children and parents can work together. "Non-compartmentalization of residential space is very important to our clients, but there needs to be an understanding on how to make an important separation when people want to have that," Albertsson says.

San Francisco designer Tineke Triggs says the trend of clients who "don't want things to look like offices and want them to feel more like living rooms" is driven by the local tech culture. Following the playful design lead of many tech headquarters, "people are wanting to do their offices as their getaway spaces, where they can be relaxed and thoughtful without being corporate and sterile," she explains.

And in keeping with the California lifestyle, Triggs adds, her clients want the ability to move around the house. "The consciousness of health is prevalent here, being able to move your device around between sitting and standing."

Brassfield says the most common complaint she hears from new clients is that they're working in "an environment that has no relation to their quality of life. The hardest thing to measure is how you feel, but people know the difference between an uninspiring space and a joyful space."

BESPOKE FURNITURE

In most homes, where every square foot counts, there's been a rethinking about furniture.

Artisan designers have stepped into the game, making inroads where dedicated built-ins once reigned. In addition to combining function and style, such craftsmen have layered a sort of cognitive feng shui into work surfaces that feel as good as they look.

In Newburgh, N.Y., Atlas Industries addresses both space and aesthetics with the as4 modular office, a wall-mounted, pick-your-components system built to each client's available space. Founder and designer Thomas Wright says the structures, constructed of solid hardwoods and steel, offer the "flexibility

Midcentury-inspired modules from KitHaus start at $32,500 for 117 square feet.

PHOTO © NICOLAS O.S. MARQUES, WWW.PHOTEKT.COM

An extendable table from Uhuru Design combines bleached maple with marble.

of a regular modular but with a much higher level of detail. This will go front and center in a luxury condo or in the parlor—not the utility room."

Atlas' online drag-and-drop tool helps users design their own systems, which they can send in for a prompt estimate. (We requested a 64-by-87-inch system of four shelves, a pencil drawer, upper cabinet and about 72 inches of surface space, and received an estimate of $7,477, sales tax not included.) Though not cheap, the units pay for themselves in terms of increased productivity, according to Wright.

"Do I want to sit down at a desk that feels cheap?" he asks. "These things make a huge difference in the work you're doing." He points out that writers have told him the systems have "changed the way I work and my outlook on how I approach my work."

Tapping into the organic, modern furniture movement, Brooklyn-based Uhuru Design created a line of furniture that cofounder Jason Horvath says is increasingly used by people who want a combined workspace and statement piece. His workshop creates custom furniture from reclaimed heritage materials, such as tables made from Kentucky bourbon barrels or salvaged pieces of the Coney Island Boardwalk.

"There's more of a demand for the narrative—it's one of our strongest assets," Horvath explains. "These are interesting stories, and they become showpieces in the home office … something that people can hold onto and talk about. It's not disposable design."

Horvath, whose workshop does high-end commercial projects for companies such as Tekserve, an independent Apple retailer in downtown Manhattan, says the demand for stand-up desks in the commercial environment has flowed over into the home office. Since all of Uhuru's work is custom, he can build desks to any height and is prototyping a fully adjustable-height desk.

Like Triggs in San Francisco, Horvath sees health considerations as more prevalent than ever before. "The ability to stay active while you're working needs to be considered more now than it has been in the past," he says. "They say sitting is the new smoking."

"SHEDQUARTERS"

As the tiny house movement captured public imagination, the similarly fashioned shed office hit a home run with those who seek separation of personal and business environments. The trend is especially popular on the West Coast, with its temperate climate and high number of at-home workers. (Among the largest U.S. metro areas, San Diego has the highest concentration of people—4.2 percent—who consider home their primary place of work, reports Global Workplace.)

"California is definitely the biggest market for us," says Jeremy Horgan-Kobelski, co-founder of Louisville, Colo.-based Studio Shed. "California is very comfortable with modern architecture, and the climate has a lot to do with that, too; these are true four-season spaces."

Studio Shed's prefab structures, designed online in a range of components and colors, accommodate electrical hookups and varying technology. "Certainly among creatives they're popular," Horgan-Kobelski says. "Writers and photographers are definitely a core market for us. It allows people the convenience of working from home but without the same distraction as having an office in their home."

A new offering is in the works for musicians: Studio Sheds featuring Auralex Acoustics Studiofoam. The kits range from $13,000 to $30,000; the online design feature has an estimator that calculates costs in real time.

Enthusiasts of midcentury modern architecture are turning to KitHaus, which constructs sheds with a nod to the Case Study Houses of the 1940s to 1960s, designed by luminaries such as Richard Neutra and Charles and Ray Eames, that gave Los Angeles an architectural edge.

"California's experimental housing started with midcentury architects, and ours has definitely taken that direction," says Tom Sandonato, who co-founded L.A.-based KitHaus in 2005.

Though most of the installations are in the West (San Diego is a major market), some have popped up in affluent communities in Connecticut, New Jersey and Pennsylvania. A KitHaus also adorns the rooftop of the Marianne Boesky Gallery in Manhattan's Chelsea art district.

The most popular model is the k3, which, at 117 square feet, was designed for installation without a permit in most municipalities, Sandonato says. The starting cost for the customizable k3 is $32,500. "We know we're not the most affordable option out there," he notes. "When people come to us for extra space, they're probably not our customer. But when people love the way [a KitHaus] looks, that's more what we look for."

Taking that thought a step further—or a story higher—is LoftCube, a German company specializing in mini-structures for a variety of uses. CEO Christian Friedrich sees rooftop real estate in cities and "all other areas where you like to have an exceptional view" as the probable landing pad for his space-age-looking cubes. LoftCube models start at 109,000 euros (about $122,400); the two-level model is 289,000 euros (about $325,000). Plans are underway to launch in the U.S.

"Customers recognize these types of lofts no longer as a project but a real product," Friedrich explains. "We feel the market overall is moving from first movers to followers, which means the customers start to accept this segment as an alternative."

Brassfield, the productivity expert with her own backyard shed office, calls the space her sanctuary. "One thing I love about it," she says, "is the perfect balance of working at home with the psychological satisfaction of walking out of a room and turning the lights off." Ⓔ

BASED IN NEW YORK CITY, LANA BORTOLOT COVERS REAL ESTATE FOR *THE WALL STREET JOURNAL* AND *THE NEW YORK POST.*
@LBORTOLOT

PHOTO COURTESY OF UHURU DESIGN

[THE 7 TENETS OF BRANDING]

These fundamental principles of design and strategy will help your business stand the test of time

By Hamish Campbell

IN TODAY'S COMPETITIVE MARKETPLACE, entrepreneurs—tasked with raising capital, attracting talent and getting their businesses off the ground—are up against a staggering statistical fail rate. But by following some basic principles related to design, marketing and user experience—tenets of some of the most powerful businesses out there—you can increase your odds of starting and maintaining a successful brand.

1 [SIMPLICITY]

While it's tempting to try to be everything to everyone, one of the most impactful ways to stand out in a crowded marketplace is to do one thing well. Vrai & Oro is a jewelry line that shucked the categorical norm of creating marked-up, seasonal items, focusing instead on a limited line of classic, timeless pieces—no gimmicks. The brand name translates to "truth and gold," and that's exactly what consumers get—streamlined offerings that are pure and unadulterated, with a simplicity that cuts through the clutter of competitors' offerings. Even the straightforward web design and ordering process are a seamless extension of the company's dedication to transparency.

2 [DISRUPTION]

Strategies that break from norms can force an entire category to reevaluate its behavior. Having grown up in a family of pharmacists, TJ Parker was frustrated by the complexity of the business. His company, PillPack, is the first online pharmacy designed to help people take the right medication at the right time. The Somerville, Mass.-based service prepacks medications and delivers them to customers in convenient time-stamped packets, ensuring that there are no gaps in care. The company's design, from its medication-scheduling system to its user interface, packaging and website—is simple, intuitive and human, challenging the confusing and alien design language of traditional pharmaceuticals.

Rather than just improving on its competition, PillPack has reinvented a category and infused humanity back into a sector that had lost touch with it.

3 [ORIGINAL EXPRESSION]

A bold statement or expression can establish a new narrative and original attitude. Tina Roth Eisenberg was inspired to start Brooklyn-based Tattly after her daughter came home from a birthday party with an unsightly temporary tattoo. As a designer, she was more upset than many would be by the offending clip art, but from this she unlocked an opportunity. Tattly is now a profitable business of "designy temporary tattoos" with a cult following and retail partnerships with Forever 21, Urban Outfitters, J.Crew and the Museum of Modern Art. It's a niche industry, but Tattly is making an impact in a bold way.

4 [BIG IDEAS]

A groundbreaking idea that evokes emotion can generate brand loyalty in unexpected and lasting ways. Spirits company Johnnie Walker sponsored Future, a gallery of "artwork not yet created." Ten artists displayed blank canvases, promising to produce incredible work upon them, and challenged buyers to buy the pieces in advance, taking a chance on talent. The auction sold triple the amount expected.

While Johnnie Walker is not known for art, Future was a physical manifestation of the brand's personality, showcasing the company's "belief in people's potential, transforming the way art collectors buy pieces of art and changing how new artists start their career." By stepping out of its comfort zone with a big idea, Johnnie Walker humanized its brand while supporting and inspiring a section of its core demographic.

5 [SYMBOLISM]

Powerful symbols transcend words to trigger emotions and create a meaningful impression. Lego's business is built on child's play, yet the brand captures the fancy of pretty much everyone, regardless of age. More than just elemental colored bricks, the iconic Lego blocks inspire creativity in a way that can resonate with adults—from artist Nathan Sawaya's Lego sculptures to the award-winning *The Lego Movie,* whose humor spanned generations. The Lego brand symbolizes more than toys; it represents a world of possibility.

6 [MEANING]

Commit to making a genuine connection with your audience, and you better your chances of evoking an emotional response. The founders of New York City-based Warby Parker aimed to provide consumers with stylish, affordable eyewear that is also mission-driven. For every pair of glasses Warby Parker sells, it makes a donation that enables optical training in developing countries. Aside from the disruptive stance of challenging a long-stagnant category, the social-impact dimension of the business model was a novel approach that set an example for many companies to follow. By rooting the brand in something meaningful, Warby Parker passes on that meaning to its consumers, making them feel empowered by a purchase that not only looks amazing without breaking the bank, but also contributes to the greater good.

7 [DEPTH]

Layers of meaning and purity of purpose create a sense of warmth and emotion around a brand. When San Francisco-based Airbnb introduced its new logo last year, it wasn't to the greatest of fanfare. But while the new identity may have fallen flat, what the brand did around the redesign process was powerful. In a live webcast reveal, the company walked viewers through the redesign strategy, outlining the brand's many facets, identifying core values and objectives and reinforcing the dedication to an honest user experience. While the intention of the webcast was to reveal the new logo, those 45 minutes became a deeper experience, forging a sense of community, home and culture.

Airbnb continues to build out its brand in a deep and emotive way, updating security measures with full transparency and regularly communicating with customers through curated offerings and multifaceted messaging. Ⓔ

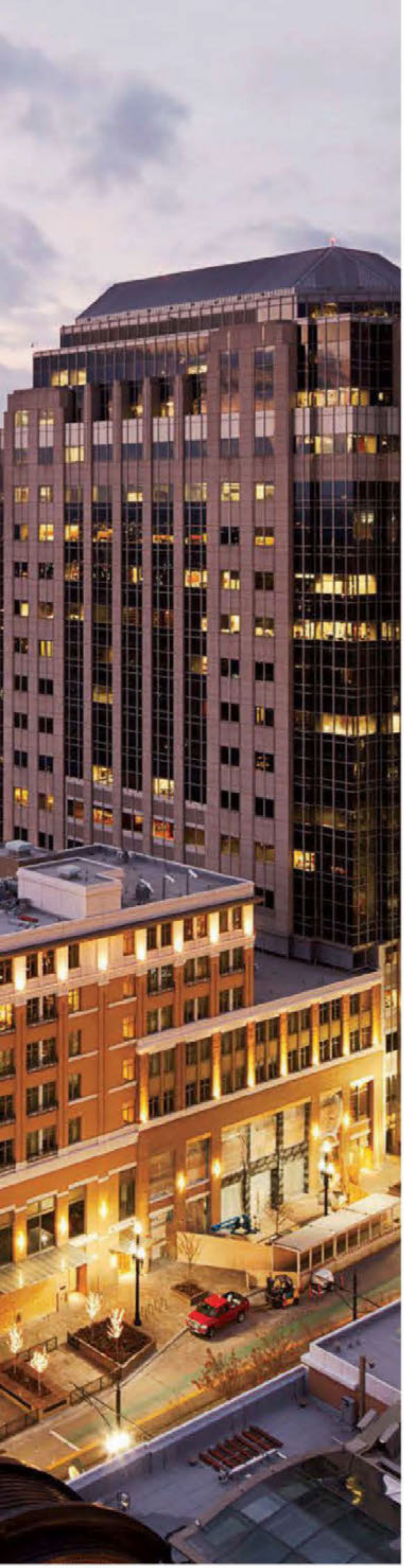
HAMISH CAMPBELL, NEW YORK CREATIVE DIRECTOR OF CREATIVE PARTNERSHIP FOR PEARLFISHER, IS KNOWN FOR DESIGN WORK FOR TARGET, BACARDI, NIKE AND OTHERS.

BEST CITIES

Hot spots

Ask someone to name cities with thriving tech, media, fashion or food scenes, and you'll hear the usual suspects: San Francisco; New York; Portland, Ore. But there's a slew of other metro areas with established infrastructure and skilled work forces that can match those more established locations at a fraction of the cost of living and with less day-to-day stress. These are the places where startup dreams come easier and cheaper, but can still pay off big. Start packing.

BY VANESSA RICHARDSON AND MATT VILLANO



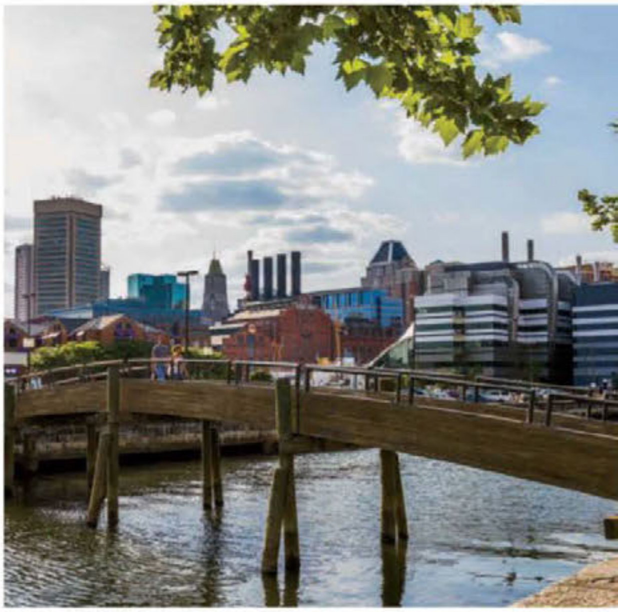
SALT LAKE CITY

Best for: Software and hardware
Metro-area population: 1.1 million
Median household income: $53,036
Median home price: $243,300
Unemployment: 3.5%
College graduates: 31%

Tech companies such as Adobe and Workday are moving to "Silicon Slopes" in droves, inspired by startups launched by alumni from software pioneers Novell and WordPerfect, not to mention the easy access to world-class skiing. On the hardware side, everything from flash memory chips (one of every 14 worldwide is made here) to Skullcandy headphones calls the Wasatch Front home. VCs invested nearly $1 billion in local startups last year, making Salt Lake tops nationally in dollar-per-deal average.

The Utah Science Technology and Research Economic Development Initiative provides funding to the University of Utah in Salt Lake and Utah State University in nearby Ogden to research new technologies and spin them off into a handful of companies each year. And when the state's insurance department wanted to ban Zenefits, a Silicon Valley startup that gives away its HR-management software for free, Governor Gary Herbert signed a law reversing the ban, stating, "Utah is open for business."

i **Did you know?** Thanks to thousands of Mormon missionaries returning from time abroad, Utah has the highest percentage of foreign-language speakers in the country.



BALTIMORE

Best for: Education
Metro-area population: 2.7 million
Median household income: $68,455
Median home price: $223,100
Unemployment: 5.7%
College graduates: 36%

There's a quiet revolution happening in Baltimore, which has become a booming hub of education-focused companies anchored by Johns Hopkins University, named the best grad school for education by *U.S. News & World Report*. The city is also home to Laureate Education (formerly Sylvan Learning), a for-profit education powerhouse.

Now Baltimore is luring ed-tech startups. Citelighter, which helps K-12 students and teachers organize and share research via a browser plug-in, recently moved there from New York City and received $100,000 as a housewarming gift from Technology Development Corp., Maryland's public fund investing in tech companies.

Baltimore teachers work with diverse student populations and are entrepreneur-friendly, willing to test out new tech and ideas in classrooms. The city regularly hosts events to connect entrepreneurs with educators; a recent Baltimore Tech for Schools event drew 1,100 teachers and school administrators to check out product demos.

i **Did you know?** Of the nation's largest school systems by enrollment, Baltimore has the third-highest spending per pupil on an annual basis.

PHOTO © ADAM BARKER (SALT LAKE CITY);
PHOTO © GETTY IMAGES/MAREMAGNUM (BALTIMORE)

SACRAMENTO, CALIF.

Best for: Ag tech
Metro-area population: 2.1 million
Median household income: $46,106
Median home price: $275,800
Unemployment: 6%
College graduates: 30%

California's capital, in the heart of the state's farming-focused Central Valley, was mockingly known as "Cow Town" for decades. But in today's foodie culture, Sacramento's location is a plus. The region is home to 18 agriculture and food technology startups, and the sector is growing faster there than at any time before. Central Valley farmers grow high-value crops such as almonds, which generate more than $5,000 per acre (but consume vast amounts of water—controversial in the drought-stricken state), while winemakers in nearby Napa and Sonoma counties are always looking for farming innovation for their grapes—and can afford to pay for it.

The scene's foundation can be traced 25 miles west to the University of California, Davis, the world's top-ranked research university in agriculture. Thanks to a $40 million grant from candy-maker Mars, the school is building a World Food Center that will combine food science and policy with innovation and investment opportunities. It's also creating a lab and incubator space for life-science startups, and its new Venture Catalyst will look to convert UC research into viable businesses. Even Silicon Valley has noticed: Last year, VC heavyweight Vinod Khosla put $7.5 million into Davis-based startup BioConsortia, which uses microbes to increase crop yields.

Did you know? Even though it's almost 90 miles inland from San Francisco, Sacramento connects to the Pacific Ocean via the Deep Water Ship Channel, allowing the Port of Sacramento to handle oceangoing cargo ships.

NASHVILLE, TENN.

Best for: Media
Metro-area population: 1.5 million
Median household income: $44,223
Median home price: $186,400
Unemployment: 4.6%
College graduates: 31%

It has long been a hotbed for the music business—evidenced this year by the first graduating class of the Project Music accelerator at the Nashville Entrepreneur Center—but Nashville has experienced a miniature media explosion. Among the spate of new creative agencies and fledgling media companies are Good.Must.Grow., a nonprofit digital agency that develops corporate media strategies. Meanwhile, co-working spaces such as Refinery, Deavor, the Skillery and Weld have popped up to cater to self-employed media workers.

Driving the boom is Nashville's growing population of college grads, ages 25 to 34, which increased 48 percent between 2000 and 2012. Among U.S. cities, only Houston experienced faster growth in its young-grad population.

Did you know? Nashville is home to bestselling novelist Ann Patchett, who in 2011 teamed up with publishing veteran Karen Hayes to open Parnassus, a successful independent bookstore.

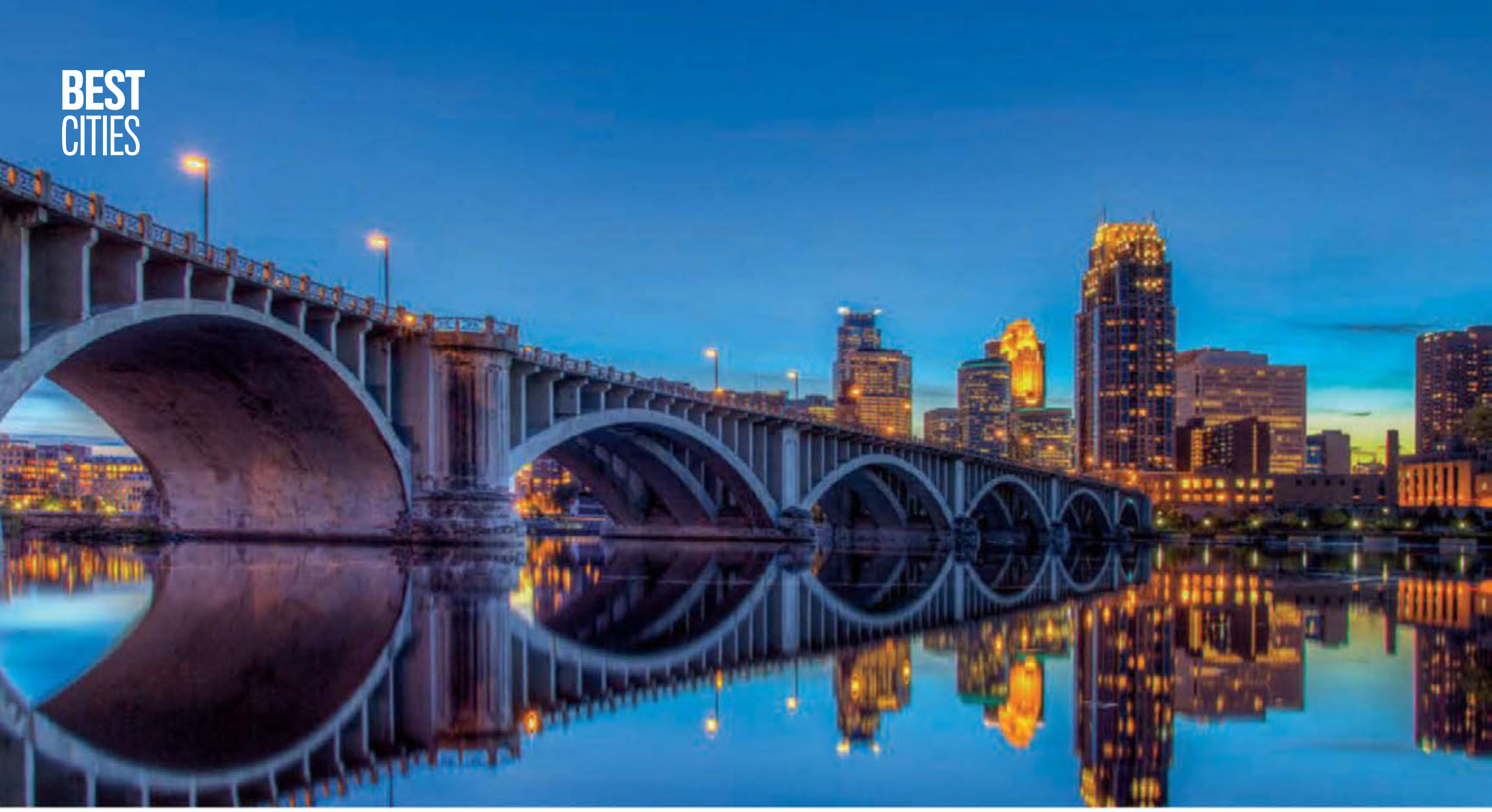
KANSAS CITY, MO./KAN.

Best for: Specialty foods
Metro-area population: 2 million
Median household income: $46,193
Median home price: $153,000
Unemployment: 5.4%
College graduates: 33%

Krizman's House of Sausage has been selling ethnic sausages and knockwurst to Kansas City locals since 1939. It's one of the city's growing number of specialty-foods businesses—including bakeries, breweries, distilleries, candy-makers and, of course, bottlers of barbecue sauce. Driving this growth are three local food-business incubators, including the Farm to Table Kitchen housed at the famed City Market, designed to help "foodpreneurs" connect with mentors, commercial kitchens, collaborative infrastructure, marketing awareness and the greater Kansas City food community. The result: In the past two years, 71 new food companies were started in the area.

Did you know? Kansas City claims to be the birthplace of the bacon craze; two local entrepreneurs invented a dish called "Bacon Explosion" back in 2008 and published the recipe on their blog, BBQ Addicts.

PHOTO © SHUTTERSTOCK/VIKTOR1 (BACON); PHOTOS © GETTY IMAGES/PROVIDED BY JP2PIX.COM (SACRAMENTO), GIORGIO FOCHESATO (NASHVILLE)



MINNEAPOLIS-ST. PAUL

Best for: Restaurants
Metro-area population: 3.2 million
Median household income: $54,304
Median home price: $209,400
Unemployment: 4.0%
College graduates: 39%

Statistics from the Minneapolis-Saint Paul Regional Economic Development Partnership indicate an estimated 19 percent increase in the number of full-service restaurants opening in the past 10 years, ranking the region among the hottest in the country for restaurant startups.

The poster child for the boom is James Beard Award-winning native chef Gavin Kaysen, who studied in New England; worked in Paris, San Diego and New York (under celebrity chef Daniel Boulud); then moved back to his hometown in 2014 to open Spoon and Stable, widely regarded as one of the city's best eateries.

That's not to say you need a name-brand curriculum vitae to open for business. New food trucks are rolling out across the cities—faster than the economic development office can keep track of them—as entrepreneurs seek a low-cost avenue to try food concepts and build a following before signing a lease for a brick-and-mortar restaurant.

Did you know? With its heavy Scandinavian population, Minneapolis is a key U.S. player in the most avant-garde movement in food today: New Nordic cuisine, based on fish, dairy and cold-weather crops such as rutabagas, mushrooms and radishes.

HOUSTON

Best for: Import/export
Metro-area population: 5.7 million
Median household income: $44,761
Median home price: $200,300
Unemployment: 4.2%
College graduates: 29%

With more than 163 million tons of cargo passing through each year, the Port of Houston ranks first in U.S. import tonnage. Houston handled 67 percent of ship containers traveling through the Gulf of Mexico last year. And with Mexico allowing foreign investment in energy for the first time in 76 years, plus the opening of an extra shipping lane in the Panama Canal in 2016, the city's share of cargo handled is bound to grow.

The port is actively pursuing import/export startups with two financial incentives. By setting up shop in Foreign Trade Zone 84, businesses can store goods, manufacture products for export, and delay formal customs entry and duties until they officially decide to move the products into the U.S. The Freeport Tax Exemption also lets importers/exporters store inventory for up to 175 days without paying property tax, if they plan to ship that product out of the state.

Add a large cluster of warehousing; a central location that's within a day's drive of Atlanta, Chicago, Denver and Phoenix; two international airports; 94 consulates (the third most in the U.S.); and a bilingual population (one of every three Houstonians is Hispanic), and it's easy to see how Houston could serve as the hub of a global business.

Did you know? The city's deep-water shipping channel was one reason NASA chose Houston for its headquarters in 1962; ships are the easiest way to transport bulky rockets.

PHOTO © BONJWING LEE (GAVIN KAYSEN); PHOTOS © GETTY IMAGES/RYAN/BEYER (HOUSTON), MABRY CAMPBEL (MINNEAPOLIS)

BOSTON

Best for: Healthcare
Metro-area population: 4.5 million
Median household income: $52,792
Median home price: $374,600
Unemployment: 4.4%
College graduates: 43%

In Boston, hospital scrubs are as much of a business uniform as a suit, and "healthcare innovation" is the biggest buzzword in town.

Most everyone in the medical field, from brain surgeons to venture capitalists, is clustered in a section of downtown measuring less than three square miles. There are five top-ranked hospitals, including Massachusetts General and Brigham and Women's, both of which have innovation centers and host regular hackathons. Across the Charles River are Cambridge and Kendall Square, home to the Massachusetts Institute of Technology and healthcare companies ranging from startups to behemoths like Genzyme and Pfizer. Other companies that have recently set up camp in Boston include Johnson & Johnson and Samsung.

The state government contributes funding and resources through its Massachusetts eHealth Institute. For entrepreneurs who need medical training to grow, there are healthcare-specific incubators from Healthbox Studios and Athena Health.

i Did you know? Boston receives more funding from the National Institutes of Health than any other U.S. city. In 2013 (the most recent figures available), $1.72 billion in grants went to 47 of the city's hospitals, universities and research institutions.

A catalyst for growth

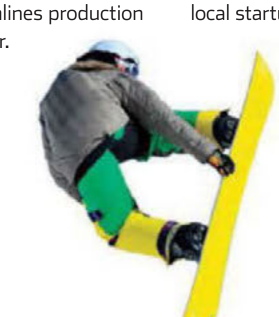
ONE DEAL TRANSFORMED **BOZEMAN** INTO A STARTUP CITY WITH GLOBAL ASPIRATIONS

IN 2012, ORACLE bought Bozeman, Mont.-based software company RightNow Technologies for $1.8 billion and single-handedly reset both locals' and outsiders' perceptions of the university town (population 40,000) and its opportunities.

When programmer Greg Gianforte moved to Bozeman 20 years ago to launch RightNow, he had a theory that he could build a successful company anywhere, thanks to the advent of the internet. He was right. That event proved to be a watershed moment for this 151-year-old city.

A handful of newly minted RightNow millionaires have spun off dozens of startups in the past couple of years and attracted talent from both coasts. Bill Clem, an industrial products and medical devices designer who graduated from Montana State University and stuck around, in 2013 formed KERBspace, a sidewalk-based smart parking meter and electronic billboard platform. Former Patagonia director Joe Walkuski came to town in 2002 to launch TEXbase, which streamlines production for clothing companies like Patagonia and Under Armour. He says things have changed since the RightNow sale. "It's harder to find good people in town," he points out. "But it's easier to get people to move here from Silicon Valley or elsewhere."

You don't have to be a techie to launch a successful business in Bozeman. A growing number of outdoor companies, including Simms Fishing and Blackhawk, have shown that it's possible to build a national brand from a small town, one that attracts talented professionals with a certain Type-A personality who like to play as hard as they work.



"A lot of companies in town have 'powder day' and 'fishing day' clauses written into their employment contracts," says Molly Ambrogi-Yanson, a PR exec who moved north from Salt Lake City to work for MercuryCSC, and who has a free-floating vacation day to get outside when the weather lines up. "It's understood that this is why you're here."

That competition for talent has driven up wages and boosted lifestyle perks relative to the rest of Montana, but Bozeman is still a bargain compared to Silicon Valley, New York City or even Boulder, Colo. Rob Irizarry, a RightNow alum who runs resource and networking organization StartupBozeman, recalls prominent venture capitalist Brad Feld of Boulder-based Foundry Group coming to town and saying that Bozeman reminded him of Boulder 15 years ago.

With a combination of RightNow money funding angel investments in local startups and a steady supply of graduates from Montana State University, Bozeman may seem similar to other startup hotbeds. But according to local business leaders, all anyone has to do is look up at the mountains surrounding town to see what makes Bozeman especially attractive. They're what drew former semipro snowboarder Philip Sullivan, who graduated from MSU in '96, to move back and open Wildrye Distilling, which sources its ingredients almost entirely from Montana.

"I still got in 30 days of snowboarding during the winter, even while I was in the middle of opening my business," Sullivan says. "There aren't many places you can do that."

—Grant Davis

PHOTO © IAN MACLELLAN (BOSTON); PHOTO © SHUTTERSTOCK/MOUNTAINPIX (SNOWBOARDER)

LOS ANGELES

Best for: Apparel retail
Metro-area population: 12.9 million
Median household income: $45,903
Median home price: $434,700
Unemployment: 6.6%
College graduates: 31%

Forget film. Fashion is Los Angeles' hottest industry, beating out New York City with bigger spaces for cheaper rents. In fact, more than 36 percent of all U.S. apparel and textile manufacturing jobs are in the L.A. area—almost three times as many as in New York. The business is mainly clustered in downtown's Fashion District, home to hundreds of factories, importers and wholesalers selling everything from textiles to thread. That has led to the rapid development of some of fashion's newest hits, including Nasty Gal and JustFab, as well as T-shirt powerhouse American Apparel.

A steady pool of design talent comes out of local schools such as the Fashion Institute of Design and Merchandising. What's more, garment workers aren't unionized, so labor costs are lower than in NYC, but manufacturers can still put "Made in the USA" on their labels.

Did you know? Hedi Slimane, creative director for Paris-based fashion house Saint Laurent, insisted that he and his design team live in Los Angeles, telling *Women's Wear Daily* he likes "the sense of expansion and the possibilities offered to experiment."

Forever young

FIND A CITY WITH A STEADY INFLUX OF **EDUCATED BUDDING PROFESSIONALS,** AND YOU'VE GOT THE SECRET SAUCE TO YOUR STARTUP'S DREAMS

WHAT DO AUSTIN, ATLANTA AND SAN DIEGO HAVE IN COMMON? They're among the youngest large metro areas in the U.S., and they have some of the highest startup densities in the nation. Coincidence? Not at all.

"We seem more likely to develop a startup when there are more young people around," says Paige Ouimet, an assistant professor of finance at the University of North Carolina, Chapel Hill's Kenan-Flagler Business School. Ouimet, who cowrote a paper on the relationship between the ages of businesses, their employees and growth published in 2011 with the help of the U.S. Census Bureau's Center for Economic Studies, adds, "The startups that start with more young people employed have higher growth rates and are more likely to get VC support."

While the effect of a youthful population on startup success is impossible to quantify—it's a factor that can't be isolated—the link is too great to ignore. Ouimet and her co-author found that about 27 percent of employees in companies that have been operating for less than 6 years are younger than 35. And that data covers every sector, not just tech.

With median ages between 32.3 and 34.5, Austin, Atlanta and San Diego seem to be benefiting from their youthful populations. According to research from the Kaufman Foundation, each of those cities ranks higher than the national average of 130.6 in startups per 100,000 residents, with 180, 154 and 154.7, respectively. (The city with the closest average startup activity is Minneapolis-St. Paul, at 132.1.) Metro areas with older populations—including Pittsburgh (median age 42.2), Cleveland (40) and Milwaukee (36.7)—rank far below the national average, with 98.3, 105.9 and 100.9 startups per 100,000 residents, respectively.

"This young-employee/startup connection is due in part to young employees being more risk-tolerant and a better fit for startup culture," Ouimet says, "as well as the fact that young people just out of college will likely have more up-to-date skills that are a better fit with a startup that's trying to do things differently."

Also worth noting: "It's exciting to have young people around," says Mike Maher, the 30-year-old co-founder of San Francisco-based clothing startup Taylor Stitch, which has capitalized on young professionals' longtime attraction to the Bay Area. "It creates an energy and vibe that is pretty awesome." —*Erin Beresini*

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FOR THE
STRATEGIST
Entrepreneur.com
Find answers, discover solutions and explore new ideas to keep pushing the boundaries of your business.
YOUR SUCCESS IS OUR BUSINESS

| SHINY OBJECTS |

Ahead of the curve

The new mobile state of the art

The first thing that catches the eye with the **Samsung Galaxy S6 Edge** ($815, or $299 with a carrier contract) is its impossibly rich 5.1-inch display. Yes, the Android phone's curved glass edges get all the attention, but the real marvel is the 557-pixel-per-inch resolution that makes images—from icons to photos—seem to pop off the screen.

And that's just the flash. The substance behind this revolutionary curved display is its ability to relay important info without the need to power up the phone. Slide a finger along the side of the screen, and up pops the Information Stream, showing notifications in a small strip without lighting up the entire display—great for keeping a low profile in a meeting. Place the phone face down, and the curved edge lights up whenever a call, text or email from a favorite contact comes in. Can't answer it? Touch the phone's back to end the light show and automatically send the contact a message saying you're busy. Slick. *—John Patrick Pullen*

A MOBILE FORT KNOX

Whether you're a sole proprietor or setting up an entire staff with Samsungs, you'll keep business and personal computing safe with the Knox suite of security features, which comes preinstalled on the Galaxy S6 Edge. With free options for small businesses and $1 monthly charges per device for enterprise organizations, the service can do everything from locating your device or wiping it clean if it goes missing to providing a whitelist of apps that are deemed safe.

The cloud-based device manager can also carve out secure spaces on your phones for employees to store photos, emails and other personal files; likewise, it can create a partition where sensitive business files and apps can be locked down. By putting everything from your company's project-management apps to remote-access programs in this vault, your business stays safe, even if your phone falls into the wrong person's hands.

PHOTO © BEN ALSOP

Nice gig if you can get it

An app brings musicians, party planners and venues together

For independent musicians, cash flow depends largely on gigs. Book 'em regularly, and you're living large.

Now there's GigTown, a mobile app that enables anyone—from casual fans to event planners and managers at music venues—to discover and book local acts in four cities: San Diego, Los Angeles, New Orleans and Austin. It also affords musicians an alternative path to market themselves on a broader stage—for free.

Since the app launched earlier this year, more than 500 musicians have signed up, ranging from solo performers to the San Diego State University marching band. Investors have also rallied behind the San Diego-based company, including Ralph Whitworth, former chairman of Hewlett-Packard, and NFL quarterback Drew Brees of the New Orleans Saints.

GigTown is the brainchild of Steve Altman, former president and vice chairman of tech giant Qualcomm, and his son Andy. The two hatched the idea when planning an annual fundraiser for diabetes research. While lamenting the challenges of finding local bands to hire, the Altmans realized there was an opportunity to build technology that could solve the problem on a broad scale.

"The real power of GigTown lies in connecting fans, musicians and, ultimately, venues in an intelligent and meaningful way," says Steve Altman, who invested $2 million of his own money to get the company off the ground. "We're establishing connections where previously there weren't many outside of the established world of music promotion."

The app centers on searchable musician profiles—Facebook-style homepages where musicians can upload audio tracks, biographical information and video footage of performances—sorted by genre, geographic area and other parameters. To book a band for a private party, users simply click a button. GigTown takes a 13 percent cut of each booking.

Musicians say they love GigTown because it provides an easy way to promote themselves on their own terms. They set their hourly rates (ranging from $25 to $4,000) and can accept as many or as few gigs as they wish. San Diego singer-songwriter Ryan Hiller performs up to 20 shows per month and says GigTown saves him as much as 10 hours per week—time he used to spend chasing down gigs on his own.

"In this business, as with any freelance business, it takes a substantial amount of work just to get more work," Hiller says. "Anything that can help me manage these efforts in one location is going to make my life easier."

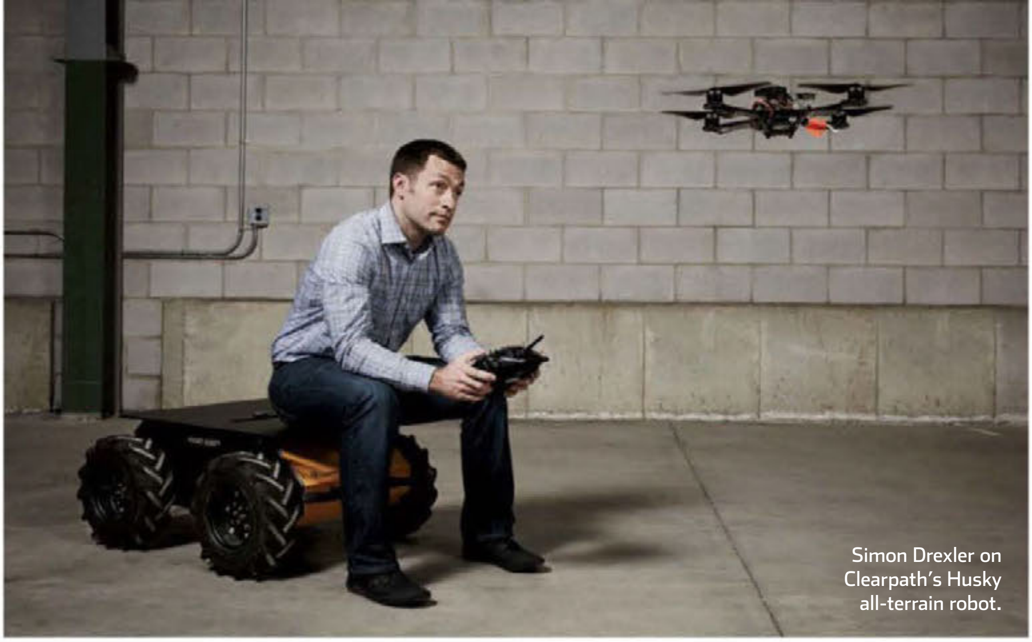
Investors like the app's scalability and the ease with which it can be set up in new markets. Brees, a self-described music fanatic, played a critical role in bringing GigTown to New Orleans, even using the service to book bands at his most recent fundraiser for The Brees Dream Foundation.

Over the next few months, the Altmans will work to add more cities and roll out a geolocation function that pushes recommendations to users based on their musical preferences. They've already incorporated a feature that enables venues to push sales and promotions directly to GigTown users when it notices that those users are in the neighborhood or on-site.

It's all part of the Altmans' plan to make booking and paying a band as easy as hailing a car through Uber. As Andy Altman explains, "We're all about artists making money." *—Matt Villano*

Band aid: GigTown's Steve Altman (left) and son Andy.

PHOTO © JEFF CLARK



Simon Drexler on Clearpath's Husky all-terrain robot.

There's a new bot in town

Clearpath Robotics aims to give warehouses a fighting chance against Amazon

Amazon's proprietary Kiva robots are state-of-the art inventory fetchers, saving humans from walking up to 11 miles per shift, some experts estimate. They've helped Amazon build some of the most efficient warehouses on the planet. Now Clearpath Robotics of Kitchener, Ontario, is looking to upend that dominance with its automated guided vehicles (AGVs), i.e., mobile robots.

It's a unique opportunity—and challenge. Direct human labor (picking, packing, sorting) remains one of the most expensive cost centers for e-commerce. The implications of easily automating such processes could be a game-changer for fulfillment centers and third-party logistics companies—a study from Janney Capital Markets estimates that robots could reduce fulfillment costs by 20 to 40 percent.

Humans still retain an edge; they can quickly identify objects and manipulate them with just the right amount of force. By comparison, machines are ham-handed, especially if an object is unfamiliar, awkwardly shaped or sitting on a dark shelf. Clearpath's bots are out to close that skills gap.

"Our technology is fundamentally different from the one Amazon uses," says Simon Drexler, Clearpath's director of indoor industrial systems. "Our robots operate in collaboration with what human beings are already doing, meaning you can implement them within operations in facilities that already exist."

While Amazon's robots navigate warehouses by reading bar codes on the floor, Clearpath's intelligent AGVs will roll through an environment, laser-scan it and store it in their onboard memory. (They are scheduled for full release by late fall.) "Integration is a relatively minor process," Drexler says. "We can get a fleet of robots up and running in a matter of days."

Clearpath was founded in 2009 by four mechatronics engineering students from the University of Waterloo working to develop robots for U.S. Army minefield operations. The initial bots were unmanned vehicles designed for what the company calls "the world's dullest, dirtiest and deadliest jobs"—mining, disaster response, harbor surveillance and agriculture.

Clearpath's recent pivot into warehouse automation is an outgrowth of what its engineers have learned and perfected in the past six years through lucrative research contracts with Microsoft (for its Xbox Kinect motion-detection game console), Honda, NASA and the Massachusetts Institute of Technology.

"System design and algorithms are central to good robots. Fast robots must also be smart—able to pick up red T-shirts instead of blue ones," says Jim Beretta, head of Customer Attraction, a Cambridge, Ontario-based B2B marketing consultancy. "Clearpath are experts at developing systems to do this."

But Amazon still casts a large shadow, and so does Google (with its self-driving car). At stake is a slice of the application of advanced robotics across healthcare, manufacturing and services, which could have an estimated potential economic impact of $1.7 trillion to $4.5 trillion per year by 2025, according to McKinsey & Company. Even a small slice of that pie would mean billions for the privately held Clearpath, which has seen its partnerships drive revenue growth of 200 percent year over year since 2010. (The company would not provide specifics.)

Clearpath's ultimate goal is to remove humans from fulfillment centers altogether. "The long-term vision," Drexler says, "is for a manufacturing or fulfillment facility where you can literally shut the lights off because everything is automated." *—Marty Jerome*

| TO THE CLOUD |

NOW PLAYING

Francisco Vidrio, owner, Pho Colonial, Dallas

"Pho Colonial is a family-owned Vietnamese restaurant. We reopened three years ago after rebuilding and rebranding, but we still had two traditional 'Open' signs on our windows. By chance, several months ago I served the creator of a new digital signage system called Glass-Media. He showed it to me, and I had to have it. The system combines our menus, marketing materials and reviews on Yelp, Google or Facebook into a single web feed, then posts them in real time through a projector that throws a 24-inch circle on our front window that is easy to read in bright daylight and at night. We paid a little more than $4,000 for the system setup, which included the projector and web connection through our store's Wi-Fi, plus the customized design of our graphics. Now we pay $200 a month to maintain the service, and we can update or change the graphics any time. So far I can't say what our ROI is, but we've got a lot of people talking about it."
—As told to Jonathan Blum

PHOTO © AARON COBB; PHOTO © SHUTTERSTOCK/BONCHAN (NOODLE BOWL)

| ASK A GEEK |

It's in the mail

Q: What's the difference between POP and IMAP email settings, and which will work best for my business?

A: There's only one person who can start off a conversation about email protocols by saying, "When I invented email back in 1978 ...," and that person is V.A. Shiva Ayyadurai, who holds multiple degrees from the Massachusetts Institute of Technology, including a doctorate in computational systems biology. As a high school student, he developed an electronic version of a mail system for interoffice use and copyrighted his program as "Email."

Ayyadurai, founder and president of EchoMail in Cambridge, Mass., sat down with us to explain the differences between Post Office Protocol and Internet Message Access Protocol.

—Mikal E. Belicove

How do POP and IMAP settings differ?
In simple terms, POP and IMAP determine how your incoming mail is moved, saved, deleted and synchronized between the email server and your inbox. POP moves email from the server to your device (PC, tablet, smartphone) when you're accessing email and either saves or deletes it from the server and your inbox. With the IMAP setting, email that is received at your mail server stays there, allowing you to track what is happening in each local inbox.

In other words, POP focuses on the email messages at the inbox on your local device, while IMAP focuses on making sure the email messages on the server and your inboxes are all synchronized.

So how do I know which is best for me?
The settings become relevant when you use non-web-based email programs on devices that connect to an email server. In these cases, email has to be moved from the server to your inbox, which can be found on one device or many. Choose a POP setting if you want to save storage space, need constant access to your email and need to access mail from only one device.

If you're using multiple devices to check and manage email, IMAP is the way to go. IMAP enables users at different locations, using different devices, to manage the same inbox. With IMAP, you can log in from home, work, iPhone or desktop and see the exact same view of your email inbox, since all local inbox changes are synced.

Which setting is the most secure?
Sending email has inherent insecurities, regardless of the setting. With POP, you're storing messages on your device, so you increase the chance of infecting your computer with viruses and malware accompanying downloaded email. With IMAP, all of your messages are stored at the server and, unless they're encrypted, someone could read them. As a result, neither setting is necessarily more secure, unless you've enabled security settings.

Would I be better off using a webmail application like Gmail or Outlook?
Using webmail with mobile-enabled applications and a single inbox eliminates the need to think of IMAP or POP. Webmail is the easiest solution, really, leaving you with more time to think about profit margins rather than email settings. However, make sure you're using a webmail service with a secure sockets layer. (SSL-secured programs begin with "https" instead of "http.") This ensures that information sent between your computer and the web-based email program is encrypted.

THE STAT: 71%

That's how many shoppers in the U.S., U.K., France and Germany say that accurate information about in-store inventory is critical to their decision to buy, according to a survey conducted by Forrester Research on behalf of Hybris Software and Accenture. However, only one-third of retailers and manufacturers offer real-time inventory-availability data on their websites.

Source: Forrester Research, "Customer Desires vs. Retailer Capabilities"

Superpowered customer service

Centralized software leads to a huge productivity boost

Influitive, a Toronto-based marketing technology startup, helps enterprise companies identify and mobilize their strongest online advocates to encourage referrals, references and product reviews. In 2013 Influitive was growing quickly, and execs wanted to follow the company's own playbook by converting customers into advocates.

To pull this off, Influitive "had to provide a phenomenal customer experience," says Chad Horenfeldt, vice president of customer success. Easier said than done, since the budget-strapped, 20-person company had just two people on staff handling customer service requests through lengthy email chains.

THE FIX

Influitive moved its customer service department onto the Freshdesk platform. The software-as-a-service program centralized support tickets, allowing Influitive's customer service agents to manage them through Freshdesk's cloud-based software. Agents could claim tickets to answer, leave internal messages and reply to customers using response templates or customized responses. But even more valuable, Influitive was able to build a knowledge base to address and post FAQs, reducing the number of customer support requests.

"We also needed a support system that could be embedded into our internal Salesforce platform, and Freshdesk does it tightly," Horenfeldt says.

While Freshdesk offers ticket management and other basic automation functions for free, Influitive signed on to the first-tier, subscription-level service for $16 per agent per month. This level includes community forums and gamification features (such as contests for who can handle the most tickets in a day) and pulls in Influitive's Facebook and Twitter feeds, allowing agents to monitor social mentions and immediately assign support tickets to any issues.

THE RESULTS

Influitive had 15 customers when it began using Freshdesk. Two years later, the company's client roster has jumped to more than 200—including LinkedIn, Hewlett-Packard and Ceridian—yet only recently has Influitive considered hiring a third support agent. Meanwhile, Influitive's average first response time to customer support requests is just over 30 minutes, with a 98 percent customer satisfaction rating.

A SECOND OPINION

"The idea of completely automating everything is a significant cost saving," says John Fleming, chief scientist for Gallup's Marketplace Consulting and HumanSigma practices, where he advises clients on customer engagement. He likes that Freshdesk enables companies to pull in customer information from multiple sources and get a comprehensive view of the customer experience, but he warns that automating too many services comes with some risk.

"Although companies could automate all customer communication with a system like Freshdesk, they should resist the urge, because people tend to prefer human touchpoints," he says.

To hedge against the risk of over-automating, Fleming suggests that Influitive identify its top accounts and make sure those customers always receive some kind of in-person contact. *—Jeff Kauflin*

ILLUSTRATION © SÉBASTIEN THIBAULT

SOUND OFF

Bragi's Dash earbuds ($299) might be the best new business tools you never knew you needed. The wireless earphones have 4 GB of onboard storage for MP3s, though they can also stream Spotify from your phone and handle your calls via Bluetooth. Want some peace and quiet? Dash earphones feature active noise-cancellation tech. But these buds aren't all business; they also work for fitness training. Internal biosensors capture movement data with accelerometers, measure body temperature, and grab your pulse from the capillaries inside your ears using an infrared LED and optical sensors. *—J.P.P.*

| ASK THE MONEY GUY |

Mr. Finance Fix-it

Q: What are the first repairs you make when hired as CFO?

By Joe Worth

A: Despite every business owner's belief that no one can operate their company quite like they do, the issues I first tackle with each new job have been remarkably similar, no matter the company's size or industry. When I break out my financial toolbox, it's usually to address any or all of the following.

FINANCIAL STATEMENTS

I start with a look at the company's financial statements, checking for inconsistencies or variances that pop off the page, as well as what's missing, such as a statement of cash flows. To back up this review, I employ a third-party analysis package to give me all of the statement's financial ratios and provide me with a comparison of those ratios over time as well as to the ratios of other firms of the same industry, size and geographic region.

Once I've identified holes in the statements, I talk with the staff to get a feel for the financial reporting processes and learn who does what, when and how (e.g., who sees the statements and how errors are handled). From there I can figure out what the company needs to do in terms of staffing, training, processes and systems to make the statements more timely, accurate and, ultimately, more useful.

ACCOUNTS RECEIVABLE

This area invariably needs attention and provides the quickest opportunity to improve a company's cash position. First, I run reports of the company's receivables grouped by customer (largest to smallest), date (oldest to newest) and amount (largest to smallest). The customers at

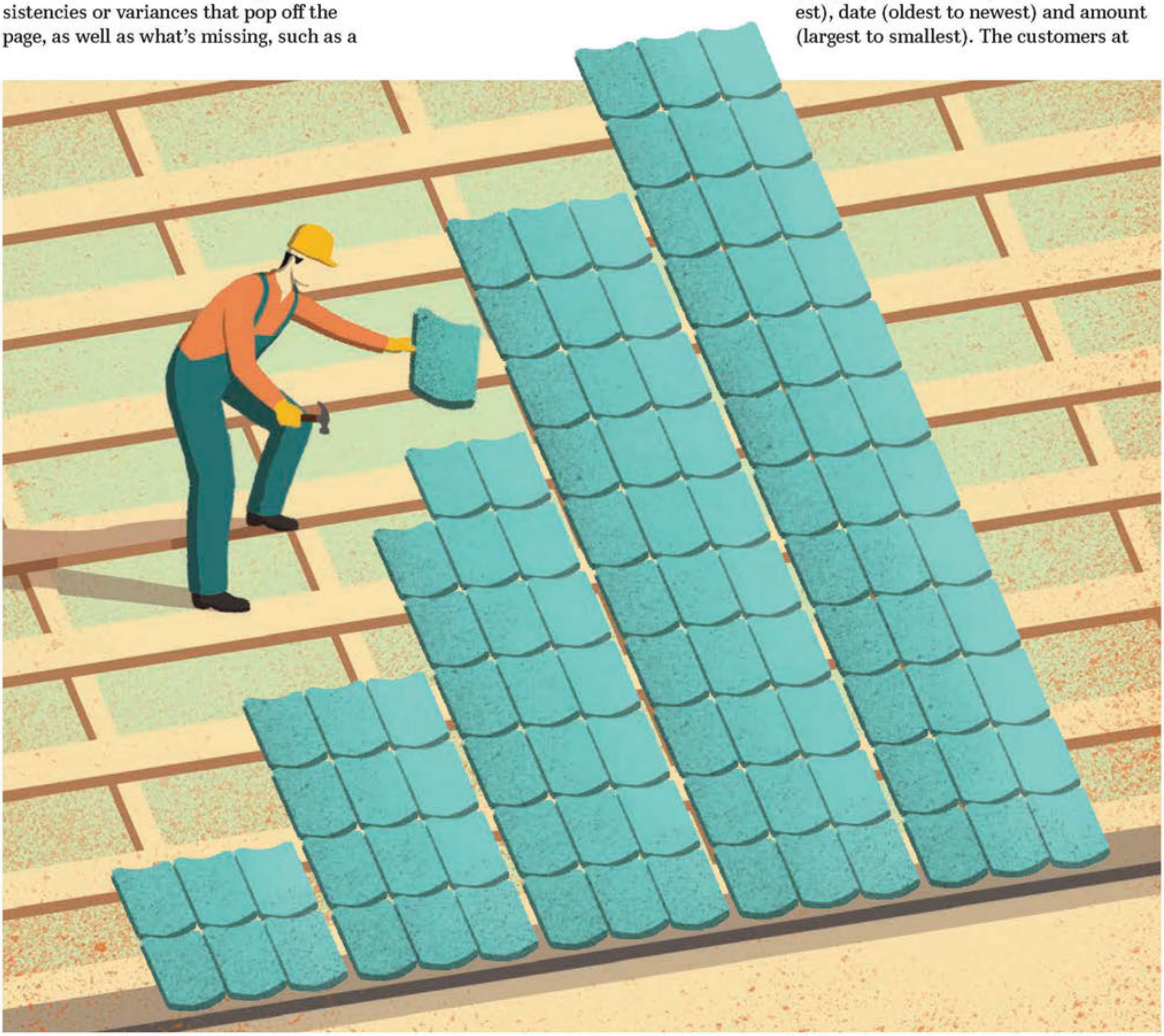


ILLUSTRATION © DAVIDE BONAZZI

the top of these reports are my priorities. Then I work to collect these high-priority items while weeding out and writing off the junk receivables that will never be reasonably collected.

Going through this process often highlights issues with a company's AR system that I can quickly correct. More often than not, billing—not collections—is the major issue: Invoices aren't sent immediately, are going to the wrong people or are filled with errors. At one $25 million company I joined as CFO, we made straightforward changes that led to collecting $750,000 in six months—extra cash that allowed us to completely pay down our bank line of credit.

REPORTING

As CFO, I'm all about the numbers, so I work with the owner/CEO and C-level executives to find out what makes the company tick and how to measure it. Sometimes the answer is simple, such as billings. But other times it may be units produced or quality measures. In those cases we boil everything down to a few key performance indicators, build a system to collect that data and a dashboard on our accounting software to track it. This way, whenever I'm asked, "How are we doing?" I have a precise answer.

CASH FORECASTING

Nothing harms a business and stresses owners more than cash-flow surprises. To avoid them, I quickly institute a formal cash-forecasting system. If cash flow is tight, I'll build a rolling 13-week forecast that I update weekly. If the cash position is stronger, I might back off to monthly forecasting.

As time goes by, I'll review the previous forecast with the next, determining why we were short or ahead on any given week. After a few weeks at this, the forecasts become remarkably accurate, which results in more confidence throughout the business.

Case in point: Early in my career, I joined a company that couldn't forecast its cash position a week out within $1 million. Six months later, our forecasting system got that uncertainty down to less than $50,000.

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PHOTOS © SHUTTERSTOCK/SASCHA PREUSSNER (PENNIES); STUART MONK (QUARTERS)

| VC VIEWPOINT |

Building bridges

Need a loan? Ask your investors.

By Sam Hogg

"We'll likely need a bridge."

That's one of the most dreaded phrases we can hear from the CEOs of companies we invest in.

Bridge financing, put simply, is an IOU backed by the promise of raising more money in the future. When it happens, you'll inevitably witness some VC gallows humor, as one obnoxious person in the room asks, "Is this a bridge or a plank?" It never fails.

The truth is that bridge notes are used all the time. Perhaps the next round of money from new investors didn't arrive as quickly as projected. Maybe sales are down. The list goes on and on as to possible reasons behind the request.

For companies that are crushing it, bridge financing can be employed to extend a runway past a significant valuation point so that existing investors can capture that new value for themselves. But more often than not, bridge notes are used to extend the life of a struggling startup whose future is unknown. In either case, savvy entrepreneurs should know what they are and how they work.

Most bridge notes take the form of convertible debt. That is, VCs expect to be paid back not with dollars, but with conversion to company stock upon maturity. Well-understood loan elements like principal and interest apply to this conversion, but bridge notes also include other "equity kickers" like valuation caps, discounts and warrants.

Valuation caps protect investors from unrecognized gains in company value during the bridging period that would otherwise shrink their ownership. For example, a $1 million bridge loan with a $5 million cap would guarantee the lender at least 20 percent of the company prior to the additional financing.

A discount is just that—a discounted price on shares in the future round of financing. If the aforementioned transaction were accompanied by a 20 percent discount, the lender would be entitled to $1.25 million in shares in the future financing round for the bargain price of the $1 million loan.

Like an option, a warrant is the right to purchase shares at a set price in the future. Back to our sample transaction: A $1 million bridge loan with 20 percent warrant coverage would entitle the lender to buy $200,000 worth of stock at the next round's prices well into the future. The lender may never exercise this right, but it could become massively beneficial if the company experiences skyrocketing growth.

It would be easy to say that bridge loans are only risky investments made defensively against the threat of failure, but that simply isn't true anymore. In fact, they've become a fairly standard financing move, even used as the first infusion of capital raised by a startup. The appeal? It's much easier for entrepreneurs to negotiate the terms of a bridge note than to determine the value of their startup and how much an investor's equity stake will be. That's good news, since a bridge could help business owners cross over to sustainability when there may not be another deal in sight.

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House of blues

Mortgage struggles of the self-employed

By Steph Wagner

A steady income stream, a FICO score higher than 780 and an asset base that exceeded the desired mortgage amount: My loan approval should have been straightforward, right? Unfortunately, it wasn't.

While applying for a home equity line of credit, I experienced a snag. My tax strategy of maximizing my business deductions has cost me access to my home's equity—capital I was hoping to diversify. I was penalized despite the fact that a notable amount of my business's expenses were paid from an asset—a corporate savings account—not from revenue.

My scenario is no surprise to Kory Kavanewsky, branch manager and senior loan officer at CMG Financial in Coronado, Calif. "The home-buying process has become increasingly challenging for the self-employed," he explains. "That's because while business deductions sound like a great idea during tax season, they are almost always counted against you when qualifying for a loan."

So, I have two options: I can leave a significant amount of my net worth tied up in an illiquid asset (my house) or sell it outright, only to risk being denied a mortgage when I go to reinvest in a new home. That's not a risk I can afford to take, especially considering the beneficial impact my existing mortgage interest and property taxes have on my current tax liability.

On top of that, Kavanewsky points out another strike that could be used against me. "The process used to determine an entrepreneur's income is typically at the discretion of the lender," he says. "Fluctuations in earnings often result in the calculation of a two-year average. When your most recent tax return reflects a decline in taxable income by more than 10 percent, that lower amount will be used."

Kavanewsky also warns against commingling personal and business funds. "Your lender will want to see that your business's performance does not rely on your personal assets," he says. If you're using personal funds to pay down business debt or costs, the lender will spot it and increase your personal debt-to-income ratio, which will decrease your ability to borrow.

Fortunately, help is coming—but it won't be cheap. Lenders have begun originating loans that typically require less documentation and allow debt-to-income ratios to exceed the standard 43 percent benchmark, according to Appaswamy "Vino" Pajanor, executive director of San Diego-based Housing Opportunities Collaborative, a nonprofit organization that provides housing assistance. However, he says, these loans come with higher interest rates and lower loan limits, and require higher FICO credit scores.

No thanks. I pride myself on making smart financial decisions, yet my recent challenges in securing a loan reminded me that even a savvy, strategic plan could have blind spots. Looks like I'll be staying put for a while.

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HOW I SAVED ... $200,000

David Lipes, co-CEO, Budge Studios, Montreal

This past year, we doubled our full-time staff, and most of those positions were for programmers, which is a very competitive hire. Yet only six of the 40 new employees came through an outside recruiter. Even though we face fierce competition from multinational video game companies who have dedicated recruitment teams, we succeeded in organically attracting top talent to our studio, thanks to our in-house employee-referral program and word-of-mouth about our strong company culture, positive work environment and commitment to a work-life balance in an industry where it has historically been an issue. As a result, we minimized our need to pay recruiter fees, saving the equivalent of up to $200,000 on those 34 hires. *—As told to Grant Davis*

PHOTO © SHUTTERSTOCK/YANUGKELID; ILLUSTRATION © CHRIS GASH

Crisis fundraising

Personal troubles happen. Don't let them derail you.

Ted Murphy is no stranger to fundraising under duress. In 2011, when the serial entrepreneur was raising capital to sustain Izea, his Orlando, Fla.-based social media marketing company, his mother was hospitalized for a quadruple bypass. The next year, while Murphy was raising another round of bridge financing, his prematurely born son spent two months in the neonatal intensive care unit fighting for his life. Once again, Murphy found himself taking investor calls from his car in the hospital parking lot.

"I was getting very close to running out of money," he says. "I had to close a deal within a week or so if I was going to keep the lights on."

Murphy got his money. And we took some lessons from his ordeals and those of others in crisis mode to put together a quick guide to staying on-task with your business, no matter what personal obstacles you may face.

Share only relevant details. Steer clear of sharing personal traumas and raw emotions with investors you're pitching. "You want them focused on the company and the opportunity," Murphy says.

If an investor does find out that you're in the midst of a marital split, recently filed for personal bankruptcy or are dealing with some other issue, "you have to have an answer ready in case they bring it up," says certified financial planner Keith Klein, principal at Phoenix-based Turning Pointe Wealth Management. Don't ramble; a succinct explanation that your lawyers are on top of the situation and your company is on track will suffice.

Avoid time wasters. That's what Luke Cooper did last year when his 4-year-old daughter was diagnosed with a rare cancer while he was raising $500,000 in seed funds for Peach, the Baltimore-based product-warranty platform he co-founded in 2013.

"We talked to some investors who we felt were going to take us down a path of extra diligence and unnecessary labor," Cooper says. So rather than jump through additional hoops for investors who seemed lukewarm to his idea, he focused on those who were more eager.

Call in the cavalry. It's OK to admit that you need a support system to make it through this period, especially if you're the sole founder of your company. Friends, colleagues and mentors who have been through the fundraising process are ideal for offering guidance.

During his time of need, Murphy's father and brothers—all entrepreneurs themselves—served as sounding boards. "Having an independent advisor who has no stake in the company is one of the best things you could possibly do to keep yourself levelheaded," he says.

Take care of your health. It may sound simple, but in the thick of a personal crisis, it's easy to skimp on nutrition, exercise and sleep. "That was my No. 1 lesson in all of this: When I stopped taking care of myself, I felt like I was going off the rails," Murphy says. "It's a lesson I still follow today. Taking care of myself first lets me face anything."

Consider postponing. It's the choice of last resort, but if you can't keep your head in the game or don't have time to adequately prepare for investor meetings, you risk making a shoddy first impression that could have lasting repercussions. Better to postpone, says Donald DeSantis, co-founder of Hightower, a New York City-based commercial real estate platform: "There are very few products where the time sensitivity is so huge that you can't wait 90 days." *—Michelle Goodman*

Calm amid chaos: Ted Murphy.

PHOTO © JOSH LETCHWORTH

After-party: Hangover Heaven's Jason Burke, M.D.

A better morning after

A Vegas doc's hangover cure eases the pain of overindulging

Entrepreneur: Jason Burke worked as an anesthesiologist in Las Vegas for seven years before he decided to launch a company that would help people with hangovers get back on their feet.

"Aha" moment: While on duty in the recovery room, Burke—who still practices medicine a couple of days per week—realized that the same meds used to help post-op patients suffering from nausea, headache or dizziness could be a boon to the city's party people.

Tying one on: In 2011 Burke attempted to launch a business administering IV meds for hangovers from a location across from the Hard Rock Hotel & Casino. The financial realities of real estate on the Strip put an end to that. However, while driving around the city, he hit upon the idea of offering his services on the go, via bus. Hangover sufferers would get a remedy faster, he theorized, and he'd minimize his overhead. Nevada officials saw no problem with the plan, and in 2012 Burke launched Hangover Heaven in a 45-foot bus.

Dr. Feelgood: The common misconception about hangovers, Burke explains, is that they're all about dehydration. "That's completely false," he says. "The major issues are oxidative stress and inflammation. The problem as you get older is that your recovery time slows down."

Hangover Heaven delivers its mix of medications, electrolytes and vitamins via pediatric IVs—"the same size as used on 4-year-olds," Burke says, "and we hire people who are really skilled."

Because even a bag of saline is a prescription item, every Hangover Heaven client sees either Burke or one of the staff's physician's assistants or nurse practitioners. The team also includes registered nurses and assistants.

Mobile miracles: The bus was retrofitted to serve up to 14 people at a time. In addition, Burke eventually opened a brick-and-mortar location off the Strip. He points out that receiving treatment on a moving vehicle can be problematic for women, whose hangovers tend to include nausea. (He says men are more prone to headaches.) The company also treats clients in hotel rooms and operates a fully equipped ambulance service that is sometimes used to bring post-partiers to the storefront. "People think it's fun," Burke says.

What price relief? Hangover Heaven's Redemption 3.0 treatment, which includes a choice of nausea or headache medicines, costs $159. The Rapture Package—which includes meds for nausea, headache and heartburn; 30 minutes of oxygen; and a shot of B vitamins—goes for $259. Burke admits it's pricey but points out, "To spend $200 to fix a hangover to get a day of their vacation back—it's a pretty easy equation for most people to make."

Hair of the dog: Burke won't disclose revenue details but says the company is set to hit the "double-digit millions" in the next two years. Full-service locations overseas are in the works.

But Burke expects his biggest growth to come from an over-the-counter vitamin and antioxidant blend he has developed "based on treating more than 20,000 hangovers." He is selling the capsules at hangoverheaven.com under the name Hangover Heaven Nightlife Prep Supplement and is seeking international distribution deals. *—Jenna Schnuer*

PHOTOS © JACOB KEPLER

Hot food, fast

A delivery service raises capital for its efficient routing platform

Door-to-door delivery is a service plagued by a lack of reliability and consistency. "It is something that's way harder than it actually looks," says Tony Xu, co-founder and CEO of Palo Alto, Calif.-based DoorDash, which has created web software and a mobile app that partners with restaurants to offer on-demand delivery using a team of Uber-style drivers.

After building a prototype of the software in a dorm room at Stanford University, Xu and his co-founders perfected DoorDash in summer 2013 at the Y Combinator accelerator. The result is a product that addresses the delivery needs of merchants, drivers and consumers. Drivers (called "dashers") are matched with restaurants that need them to make deliveries; the restaurants, meanwhile, can see where the drivers are, and the customers know exactly when to expect them. The app also factors in food-prep time and how long an order will stay hot in transit, with the goal of being as reliable as possible.

It's in the bag: Tony Xu of DoorDash.

Originally the DoorDash founders were working on a tool to measure the effectiveness of online marketing when they noticed what Xu calls "a chronic problem" among small businesses that make deliveries, from cafes to florists. The businesses had difficulty predicting when orders would come in, so they either paid drivers to wait around when there were no deliveries—a costly choice—or orders sat until a driver started a shift. DoorDash pivoted to address that problem.

With the service, consumers pay a $5 to $7 flat fee for deliveries, depending on the market, and participating restaurants pay a commission. DoorDash pays drivers from those fees. (The company would not disclose how much.) Drivers are independent contractors and provide their own cars or bikes.

The model satisfied investors. DoorDash closed a $17 million Series A round in 2014. In March 2015, it brought in an additional $40 million in a Series B round led by Kleiner Perkins Caufield & Byers.

"DoorDash is solving one of the most challenging problems in consumer technology: making the last mile of delivery as smooth as possible," says John Doerr, a KPCB general partner and DoorDash board member. "Tony Xu and his team are developing advanced algorithms and on-demand systems that will transform how we order and receive goods."

That influx of cash is helping DoorDash expand. As of May, the service was available in 11 U.S. markets, with plans to reach 20 by the end of the year.

Some non-food retail merchants have approached DoorDash about partnerships, which Xu says he'll consider down the line. First, he wants to solve the delivery problems in his chosen sector.

"We chose restaurants because they are underserved, and a great place to build relationships with consumers," he explains. "Hopefully, we'll be one major player occupying the mental space for convenience. We hope consumers drive that decision for us." *—Brittany Shoot*

The lean leader

Eric Ries turns to Kickstarter to launch his latest book

Eric Ries, author of the 2011 bestseller *The Lean Startup,* is at it again. In March he launched a monthlong Kickstarter campaign to self-publish *The Leader's Guide,* a hardcover and digital book to which only donors will have access. Within 24 hours, he raised $123,000, and by the end of the campaign, $588,983—making Ries the most successful author on Kickstarter.

The nearly 10,000 backers who signed on to receive *The Leader's Guide* will also get exclusive access to webinars, classes and workshops, as well as copies of Ries' *The Startup Way,* which will be published in late 2016. Ries took a break from filling orders to answer some questions on the next generation of lean startup advice.

—Lambeth Hochwald

WHY DID YOU TAKE YOUR SECOND BOOK TO KICKSTARTER?
I was looking for a way to test the prescriptions I was making. I feel like in a lot of business books the advice is in the form of "this worked for me, so it will work for you." That has always made me wary. How do you know it will really work? I did a lot of testing and experimentation with *The Lean Startup* before it was published, and I thought this would be a great way to take those concepts a step further.

WERE YOU SURPRISED BY THE RESPONSE?
The interest in the project has been overwhelming. When you get an advance from a publisher, the only people who believe in your project are your editor and the publishing house. It's no guarantee of success in the marketplace. A Kickstarter campaign is a different thing. It's not just an advance but a guarantee of enthusiasm and customers for the product. Thousands of people have said, "I want this to exist, and I want to go on this journey with you." You have this army of people behind you. That's way more important than the money.

WHAT IS YOUR PRIMARY ADVICE FOR ASPIRING ENTREPRENEURS?
To step into the new-business tornado, you have to think like a scientist. When you're doing a startup, every single thing you do is an experiment no matter what you label it. Is it going to work, will customers like it, will the business plan follow the way we think? These are all hypotheses that call for scientific testing.

IS THIS A GOOD TIME TO BE AN ENTREPRENEUR?
We're living in a golden age for entrepreneurship. There's been a total disruption to every business in the world that's being tested to see if it's fundamentally sound. If it's flawed, it's being replaced by a digital equivalent. Who would have thought that Airbnb or on-demand cars would be more than a picture of science fiction? Uber seems to be ordinary now. Also, it just so happens that management techniques for the 20th century are ill-suited for the current moment.

Finally, there has been a democratization of entrepreneurship tools. There aren't just Lean Startup events but thousands of other things, from VC bloggers sharing and tweeting information to hundreds of entrepreneur conferences. Even if you don't live in Silicon Valley, or couldn't find it on a map, you can be as cutting edge in your thinking as anyone here.

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A built-in focus group: Yashar Behzadi turned to crowdfunding for feedback when launching PopSlate.

PHOTO © TERRI LOEWENTHAL

The In Crowd

UNDERSTANDING THESE SIX TRENDS WILL HELP YOU GET THE MOST OUT OF THE BRAVE NEW WORLD OF PEER-TO-PEER FINANCING

BY JODI HELMER

Before introducing PopSlate, a case that turns the back of a smartphone into a second screen, Yashar Behzadi needed to test the market for the high-tech product and get feedback from first-generation users. Crowdfunding, he suspected, would achieve both goals.

Behzadi launched a 30-day campaign on Indiegogo in December 2012 seeking $150,000 and ended up raising more than $219,000 in funding from 1,532 backers.

"A consumer-based crowdfunding campaign helped us engage early adopters and hone the product before it went to market," explains the Palo Alto, Calif.-based entrepreneur. "For us, it was less about the funding and more about the crowd."

Crowdfunding, once a niche model for those who couldn't get traditional financing, has gone mainstream. Active global crowdfunding platforms generated $16.2 billion in 2014—a figure that is expected to more than double in 2015 to $34.4 billion, according to crowdfunding research firm Massolution.

That explosive growth has led to innovations, and entrepreneurs are racing to keep up with the changes. To increase the odds of securing funding and standing out from the crowd, startup execs are analyzing six key crowdfunding trends.

Funded: The PopSlate case.

1 PLATFORM DOMINATION. The number of crowdfunding platforms jumped from 308 in 2013 to 1,250 in 2014, according to Massolution.

But despite the rise in niche sites that serve startups in specific market segments—such as AppStori for app development, MedStartr for healthcare and Barnraiser for food and agriculture—major players like Kickstarter and Indiegogo continue to dominate. Consider this: At press time, Kickstarter had more than 7,500 active campaigns. Meanwhile, AppStori had one; MedStartr, five; and Barnraiser, 12.

"Crowdfunding is a lot like social media; a few sites dominate the landscape," notes Richard Swart, global crowdfunding and alternative finance researcher at the University of California, Berkeley's Haas School of Business.

Before launching his PopSlate campaign, Behzadi researched several platforms. "Indiegogo had good global reach and could better amplify our product and brand compared with the more niche tech [platforms]," he says.

While some niche sites have potential, Swart believes there is little likelihood they will become major players in the crowdfunding sector. "Larger platforms are sitting on large war chests of money from operations and VC, giving them a powerful ability to outspend smaller niche sites on marketing," he points out.

The trade newsletter Crowdfund Insider has predicted that a number of mergers and acquisitions this year will help smaller platforms scale and better compete against the virtual monopoly of the leaders.

More startups are hiring specialists to run their crowdfunding campaigns.

2 HIRING CAMPAIGN PROS. Whether the goal is to attract backers via rewards-based campaigns or to offer a percentage of their companies to investors through equity platforms, more startups are hiring specialists to run their crowdfunding campaigns.

Los Angeles-based Agency 2.0 began managing crowdfunding campaigns in 2010. The team has managed more than 200 campaigns, with average funding increasing from $168,000 in 2010 to $850,000 in 2014.

"Our clients are great at creating new products but have no experience with crowdfunding," founder Chris Olenik explains. "We have the processes in place to deliver a successful campaign."

Agency 2.0 and its competitors handle everything from writing sales pitches and shooting campaign videos to attracting backers. In exchange for their services, most agencies charge setup fees (Agency 2.0 charges between $3,000 and $25,000, depending on the complexity of the work), as well as a percentage of the total campaign funds raised, often 3 percent to 20 percent.

In the middle of a 2014 Indiegogo campaign, Jeffrey Maganis, founder and CEO of Newport Beach, Calif.-based ChargeTech, contracted Agency 2.0, hoping the added support could raise the profile of his campaign and attract additional funding.

"We took the campaign as far as we could on our own," he says. "The agency helped bring more relevant backers and increased conversions."

Building on the initial $120,000 the campaign had brought in, Agency 2.0 helped raise $326,000 to bring ChargeTech's flagship product—billed as the world's smallest cell phone charger—to market. Maganis says that bump made the agency fees worthwhile.

Even though he plans to contract with an agency for an upcoming campaign, Maganis is aware that bringing in experts doesn't guarantee success. "An agency can only take you so far," he says. "At the end of the day, you have to have a good product for crowdfunding to be successful."

PHOTO COURTESY OF POPSLATE

3 NOT JUST FOR INDIES ANYMORE. Corporate America is into crowdfunding, too. Swart notes that major brands, including Kia and Kimberly-Clark, have launched campaigns to test the market for new products.

"Corporations are realizing there is a lot of social engagement on crowdfunding platforms that can drive corporate innovation and offer alternatives to focus groups," Swart says.

In many cases, these companies launch campaigns under the names of smaller subsidiaries to prevent prospective backers from reacting to the established brand instead of the product at hand. When Sony ran a crowdfunding campaign for an E-Ink concept watch on a Japanese platform, it was listed as a project of Fashion Entertainments, a division of the tech company charged with developing next-gen wearable devices.

With more corporations launching projects on crowdfunding sites, Swart worries that the trend could change the ethos of the once-grassroots campaigns.

"Does the entrance of Fortune 100 companies destroy the crowdfunding culture?" he ponders. "It's definitely making it harder for startups to stand out."

An increasing number of venture capital firms want startups to launch crowdfunding campaigns before requesting backing.

4 MANY VCs REQUIRE IT. Startups seeking venture capital sometimes launch crowdfunding campaigns to test their products and solicit customer feedback before engaging investors. The reason? They believe it will draw interest from venture capital firms.

In fact, an increasing number of VCs want startups to engage in crowdfunding before requesting backing, according to Ethan Mollick, professor of management at the University of Pennsylvania's Wharton School.

"[A crowdfunding campaign] is a good sign of traction before raising VC," he says.

A 2014 study conducted by CB Insights found that the 440-plus hardware startups that raised more than $100,000 on Kickstarter or Indiegogo between 2009 and 2013 went on to secure a total of $312 million in VC.

In 2013, Colorado-based venture capital firm Foundry Group made headlines by announcing that it would commit

$2.5 million to investing in crowdfunding campaigns posted on AngelList.

"Crowdfunding has gone mainstream, and VCs are taking notice," Mollick notes.

5 NEW FUNDING MODELS ARE EMERGING. Crowdfunding "funds" are popping up to give investors the opportunity to back categories of projects instead of homing in on specific campaigns.

U.K.-based platform Crowdcube partnered with Braveheart Investment Group to create a fund that allows investors to put money into their areas of interest.

Swart, who likens the investments to mutual funds for small-cap private companies, believes U.S. startups and investors could benefit from the model. But for now, it's a waiting game. "Under the JOBS Act, these investments aren't legal in the U.S.," he explains. But he believes the option to buy into crowdfunding funds will come as the industry continues to mature.

6 EQUITY MODELS ABOUND. Thanks to JOBS Act changes that allow accredited investors to participate in equity crowdfunding, new platforms like Fundable, Crowdfunder, CircleUp and AngelList have popped up to facilitate those transactions.

Behzadi embraced the equity model, raising $1.6 million in a seed round, including $300,000 via Fundable, which connects entrepreneurs with investors willing to provide funding in exchange for shares in their startups.

"Startups looking to raise $250,000, $500,000 or $1 million are looking for investors to write bigger checks, and at those price points, investors want a stake in the company," explains Wil Schroter, Fundable's founder and CEO.

Startups raised $204 million through equity models in 2013; that number was expected to top $700 million—7 percent of the overall crowdfunding market—in 2014. Crowdfund Capital Advisors estimates that 71 percent of startups followed successful equity crowdfunding campaigns with rounds from institutional investors.

Behzadi brought on eight parties who invested in exchange for a total of 7 percent equity in PopSlate. The equity raise, he insists, was about more than financing.

"The decision was strategic and went beyond funding," Behzadi says. "We wanted partners who could help us with distribution and partnerships. It was all about their networks and the access they could offer." Ⓔ

JODI HELMER WRITES FROM CHARLOTTE, N.C. FIND HER AT JODIHELMER.COM.

All up in your grill: Matthew Sprague of Bar-B-Clean.

PHOTO © MARC ROYCE

Low cost, high return

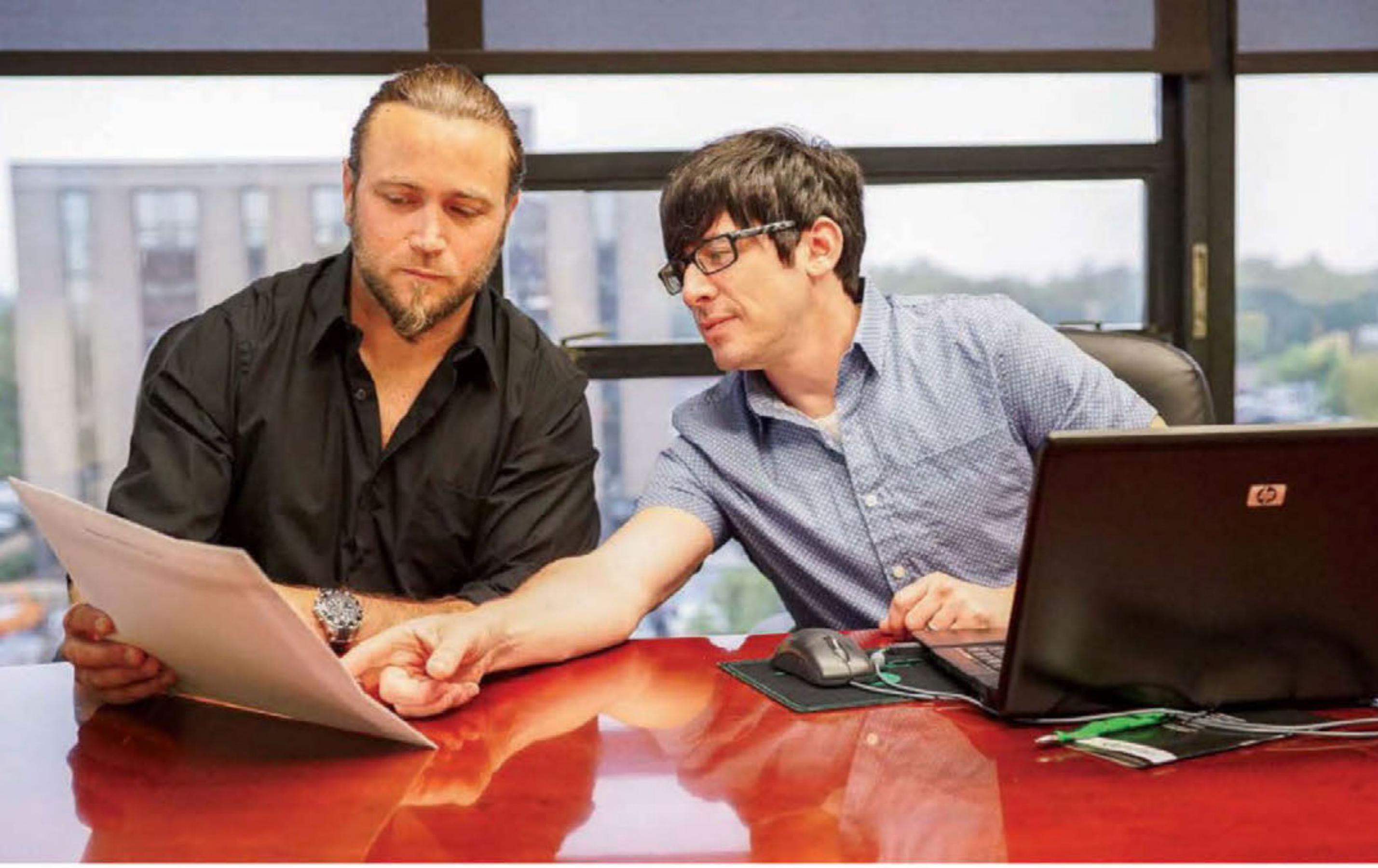
Meet some ambitious franchisees who turned modest investments into bustling businesses

By Jason Daley

In late 2013, Matthew Sprague was feeling aimless. After a tour in Iraq, where he injured his back, he left the Army and was living in Pasadena, Calif., with his wife and new baby. Then he saw an advertisement for a franchise expo, and an unexpected path emerged.

"I'd never really thought about franchising," he says. "I met a franchise broker at the expo. We started going through concepts, and I found Bar-B-Clean. I decided that's the one I'm going with."

Sprague says he had no expectations when he took on the grill-cleaning franchise, which set him back roughly $20,000. But anything, he believed, would be better than the $10 per hour he'd been making at a rental-car company. Little did he know the business would heat up so fast. >>>



Cleaning up: Sebastian Pica (left) and Adam Schoenfeld of Coverall.

PHOTO © DENIS ANDREAS

In 2014 his Bar-B-Clean business made $60,000, so he bought three more territories. Now Sprague says he's on track to gross nearly $200,000 in 2015, and he recently hired his first two employees. He believes that if he's able to secure 10 prime territories in the Los Angeles area in the next two to three years, his business could bring in nearly $1 million annually.

Sprague's ambitious ascent is part of a growing trend. Low-cost franchises were once considered the domain of fly-by-night operators, and even legitimate concepts often had low returns. But in the past decade—fueled by the recession and the cost-cutting that mobile technology and cloud computing have brought to the franchise world—low-investment options have become more sophisticated, creating valuable opportunities for those who are willing to put time and energy into building them up.

"People get caught up in the idea of owning a physical retail location," says Eric Stites, founder of market research firm Franchise Business Review, which publishes an annual satisfaction survey on low-cost franchises. "That's their idea of owning a business. But you have to sell a lot of frozen yogurt to pay for that initial $300,000 to $400,000 buildout."

Even people who could afford pricier concepts are opting for franchises that don't carry the overhead of a brick-and-mortar retail or restaurant location. Starting out with less or even no debt affords the ability to scale up and expand.

"A low-cost franchise does allow a person interested in building a larger enterprise to do that using their cash flow," Stites says.

Brian Mattingly refers to the approach as empire building. The founder and CEO of Welcomemat Services, a low-cost brand that target-markets coupons and deals to newly relocated families and individuals, got a jump-start during the recession.

"People were feeling the pain of layoffs, but the silver lining was that it launched some people into the franchise world who wouldn't have taken the jump otherwise," says Mattingly, who estimates that up to half of his nearly 50 franchisees are in that go-getter category. "It was good for our company and helped us find talent we wouldn't have encountered otherwise."

Sheryl Eickman is one of Mattingly's empire builders. A veteran of the home-building industry, she'd spent 20 years helping people who were transferred to Indianapolis find good restaurants, hair salons, auto mechanics and anything else a transplant might need. When she read about Welcomemat Services in the local paper four years ago, it seemed like a perfect match.

For about $25,000, Eickman's franchise was up and running. Covering roughly half of the Indianapolis metropolitan area, the business brought in $128,000 in its first year and more than $180,000 in the second and third years.

"I just put my head down and started working. I put a lot of time and dedication into it," she says. "I did whatever it took, going out and introducing myself to businesses, cold-calling, getting out in the community. I really fine-tuned my presentation. I took time to truly understand the businesses I was approaching and adjusted my strategy for each one. I wasn't just sitting in a chair sending emails."

Honolulu-based Roger Dequina started his i9 Sports franchise in 2007 for about $30,000. Since then his business has mushroomed, bringing in $5.2 million and employing five full-time staffers and more than 30 seasonal workers to run youth sports leagues on Oahu.

"Honestly, I came into the franchise with no expectations," Dequina says, even though going out on his own meant leaving an established career in education. "I was just hoping I could do something that would allow me the flexibility to spend time with my wife and kids and replace the income from my previous job."

The first two years required extremely long work hours, but Dequina was determined to follow the i9 Sports system closely. Ultimately it was his connection to the work that drove him to persevere.

"Part of my story is that I have a

passion for combining my love of sports with my skill set as an educator," he says. "This franchise let me leave education and work with kids in a different arena. The bottom line was a result of having a strong sense of mission and philosophy for my organization."

For Adam Schoenfeld and Sebastian Pica, the opposite was true. They had no knowledge of or passion for the cleaning industry when they took on a Coverall franchise. The two Long Island, N.Y.-based friends, who had toured the country in a rock band for several years, decided to go into business together. But it was 2008, at the start of the recession, and the duo realized they weren't likely to get a bank loan.

So they began looking at low-cost franchises, eventually settling on the commercial-cleaning service. "I said to Sebastian, 'I don't know anything about cleaning, but I know I don't want to work for anyone else. I was made to be an entrepreneur, and we work together well,'" Schoenfeld remembers. "But I never looked at it as buying a job. We just wanted to get into something and kill it."

In the beginning, it felt more like they were killing themselves. After working full-time jobs all day, the two would go straight into Coverall mode, cleaning all night. They learned the trade, getting feedback from clients and determining what made customers happy. After a year, Schoenfeld was able to leave his day job; Pica soon followed.

"At the beginning we put aside our personal lives and made extreme sacrifices working weekends and nights," Schoenfeld says.

But the hours and attention to detail paid off. From a $14,000 investment, the partners now have sales of $400,000 per year. Two years ago they were able to stop cleaning and focus on the management side of the business, which operates under the name Metro Cleaning Solution, a Coverall Company. Because they have barely tapped the potential of their territory in Queens, Brooklyn and

PHOTO © MARC ROYCE

Long Island, the two believe they could reach the $1 million mark in the next two years.

Chris Souk also has his eye on reaching seven digits within a few years. After learning about OxiFresh carpet cleaning from his brother in Denver, he brought the concept to Charlotte, N.C. He graduated from business school in May 2009 and was on the job cleaning carpets by June 1.

"I got into this from day one knowing I wanted to be the 800-pound gorilla on the Charlotte carpet-cleaning scene," Souk says. That meant getting the word out about his business, which he accomplished by sending out thousands of direct-mail pieces per month. Over time, the strategy worked, and Souk continued to build his company, which brought in $650,000 last year and is on track to hit $700,000 this year. Not bad for an initial $24,000 investment.

Souk says marketing is a focus, but it has to be backed up by customer service. "I am a guy motivated by doing the job right," he says. "If it's not right, we fix it. That's just good customer service. The other thing we do is give customers specific times that we'll show up. Other cleaners give a time frame that can be half a day or more."

Souk's OxiFresh franchise books appointments from 7 a.m. to 7 p.m., an exhaustive scheduling strategy that has paid off in revenue and customer loyalty.

"What I realized," Souk explains, "is that if we start earlier, rather than 8 or 9 a.m., and three of our five guys are doing five extra jobs per week, that's 72 extra jobs per month, or $12,000 in revenue. That's another $144,000 per year. And customers love those evening and morning hours."

Terri and Chris Dickson started building a low-cost empire in 2014, when they launched their Blue Moon Estate Sales franchise in Greensboro, N.C. They got up and running for $45,000 and didn't have to dip into their retirement accounts.

"Our first client was a prominent person in Greensboro, and the sale went perfectly," Chris says. "We sold 90 percent of the things in the home. That has to do with the training we received. But that got us leaning in the right direction. We have really resonated in Greensboro."

Word-of-mouth spread, and the Dicksons reached $250,000 in sales in their first 12 months. In the first quarter of 2015, they saw sales of $100,000, thanks to one weekend sale that grossed $80,000. Although relatively new to the business, they say they already have followers who come from out of state for their sales, some even camping out for hours in advance.

But Terri says she never had any doubt they would succeed. "My expectations were really high, to tell you the truth. Blue Moon has such a strong infrastructure and support," she says. "When we started out, I told company founder Ken Blue, 'One day you'll be on the cover of the Fortune 500.'"

Which may be true, unless one of his franchisees gets there first. Ⓔ

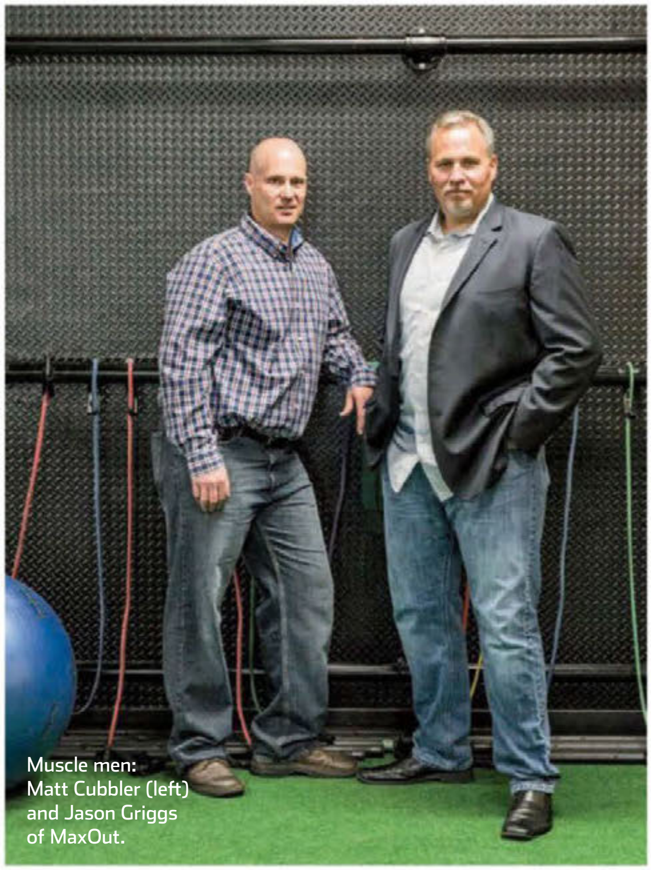
JASON DALEY, A FREQUENT CONTRIBUTOR TO *ENTREPRENEUR*, WRITES FROM MADISON, WIS.

Built to last

A fitness concept finds new footing through its young clientele

Pessimists might say MaxOut Strength Systems is cursed. Optimists—including Royersford, Penn.-based Jason Griggs and Matt Cubbler, who are launching a franchise based on the unique weight machines—would argue that the third time's the charm. Despite two false starts, they believe they've got what it takes to get the fitness world pumped, and they're ready to put their money where their muscle is with MaxOut Strength Studio.

The MaxOut system was developed over a 13-year period by orthopedic surgeon Michael MacMillan at the University of Florida in Gainesville. The machines allow users to lift weights at one resistance and lower them at a higher resistance, a technique that builds muscle 20 to 40 percent faster than working with conventional strength equipment.



Muscle men: Matt Cubbler (left) and Jason Griggs of MaxOut.

PHOTO © CHRISTOPHER LEAMAN

In 2007 MacMillan opened a gym based on the system, and though it attracted NBA players as well as high school and college athletes, it wasn't enough to keep the lights on. Griggs, a real estate developer; Cubbler, a police officer; and a third business partner purchased the equipment and technology two years later and brought the concept to the Philadelphia area.

"We had some nice success, and our third partner encouraged us to expand the brand locally, so we opened two other locations," Griggs says. "Our partner was the business guy, and we were essentially investors. We put a lot of faith in him. But there was a lack of attention, and those two locations took a bit of a tumble. Then our partner just disappeared."

That was 2012, and Griggs and Cubbler were left with a messy lawsuit, two failing units and a fitness brand that was quickly losing its way.

"We had a choice," Griggs says. "We could let this thing go, or we could take the things we did really well, consolidate, and rebuild the brand and reemerge."

Now, after several years of rebuilding, MaxOut Strength Studio has partnered with Texas-based developer Franchise Foundry and is ready to expand, with two new units in the pipeline.

We talked to Griggs, who serves as president and CEO, about how he and Cubbler got their business on track, and why youngsters are such a big part of the equation. *—Jason Daley*

HOW DID YOU REFOCUS THE BRAND?

We closed our two failing units and decided to take a humble approach—to go out and deliver a good experience to our clients. We had a "come to Jesus" moment, and we committed to one another and to the brand. We realized we were really good at connecting with young people and that we should focus on that strength.

HOW DO YOU CATER TO YOUR YOUNG CLIENTELE?

The majority of our clients are young adults, ages 14 to 22. Matt, especially, has worked with a lot of student athletes from day one and has mentored them through situations with coaches or school. We've done extensive work with kids to help them find out what they're good at. In fact, we have lots of kids who come by after school even on days when they're not working out to talk about issues.

Up until now it's been very informal, but recently we've implemented a leadership and mentorship program that we developed at the gym. It gives us a tremendous amount of satisfaction, seeing the transformation in the health and wellness, the appearance and the confidence of young people. We want to help them be better students, family members and teammates.

WHY DID YOU DECIDE TO FRANCHISE?

At first, since we make the MaxOut equipment, we were going to focus on building and selling the machines. We weren't going to say the F-word—*franchising*. In 2013, I thought we could find someone to sell the MaxOut Strength Studio concept to, and then we could supply them with the proprietary equipment. Matt went out to sell the concept and came back with Paul Segreto from Franchise Foundry, and we decided to stay involved in the brand. Paul does what he does best, which is setting up franchise systems. And we do what we do best, which is refining the concept and mentoring kids.

WHY HAVE YOU CHOSEN TO BE SO OPEN ABOUT YOUR MISSTEPS?

We've mastered what we do in our studio cold, but we're taking baby steps as a franchisor. We want to make sure we do everything right. We've made 95 percent of the mistakes you can make, and we know what not to do.

A lot of things became clear to me last year. I was almost killed in a snowmobile accident, and at that point I found out what's really important. I got smacked in the face by reality. My purpose is to help other people. It sounds like a cliché, but if the struggles I have been through—whether physical or through growing our business back from extinction—help other people see what's needed to achieve their dreams, then it's all worth it.

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Sweet deal

ApplePie Capital serves up a fresh financing model

The Great Recession was a catalyst for significant change in the franchise world. When banks stopped authorizing loans, potential franchisees began looking at alternative sources of startup money, including crowdfunding and accessing their 401(k) accounts.

While the availability of credit for small businesses has improved, alternative methods of financing are now firmly part of the funding landscape. One of those comes courtesy of San Francisco-based ApplePie Capital, a franchise loan marketplace that turns crowdsourcing on its head.

Launched in January by Denise Thomas, a tech and finance veteran, ApplePie has the potential to radically reshape the way franchisees get funded.

"I've always cared about access to capital for underserved markets, and I'm interested in disruptive technology," Thomas says. "A few years ago I was looking for an application in the small-business world. I realized there was a pretty consistent hole in franchise finance, especially for first-time owners or multi-unit operators in the one- to five-unit range."

Franchisees who receive a loan through ApplePie are guaranteed a full amount from $100,000 to $1 million. The company then sells fractional shares of those loans to qualified investors. ApplePie has made deals with 14 franchise brands, including Tropical Smoothie Café and Wetzel's Pretzels, to let their franchisees use the marketplace. Thomas, CEO, says she plans to serve 40 brands by the end of 2015.

In April the company closed a $6 million Series A financing round led by Signia Venture Partners; Freestyle Capital, QED Investors and Ron Suber, president of peer-to-peer investing site Prosper, also participated. Additionally, Thomas says, ApplePie has raised $28 million in debt capital and has issued dozens of loans.

We sat down with Thomas to learn how her company is helping franchisees get a slice of the financing pie. *—Jason Daley*

WHY IS A MARKETPLACE BETTER THAN CROWDFUNDING OR BANK LOANS?
Crowdfunding usually doesn't involve a crowd; funding usually comes from people the franchisee knows. If the crowd invests only $2,500, and you need $25,000 to get started, how do you sign a lease and franchise agreements?

Banks don't give franchisees a line of credit that says they'll fund their next three units; it's one at a time. Franchisees have to go through that long process over and over again, and there's no guarantee they'll be approved. With ApplePie, there's a two-day prequalification and a five-day term sheet, and franchisees are funded within 30 days. It's a no-brainer. The franchisees are going to have money when they need it, not on the bank's timeline.

HOW DO PEOPLE INVEST IN APPLEPIE?
People can invest in franchises one by one if they like. They might look at the profile of an entrepreneur and decide they like and want to invest in him or her. The other way is through a passive investment in a pool of franchisees. Investors then get a fixed-income return from the loans, and eventually larger institutions will be able to buy whole loans.

HOW DO YOU DECIDE WHICH BRANDS YOU'LL LEND TO?
We do a lot of due diligence on these brands. We do in-depth interviews with the franchisor and look at their growth metrics, closure rates, the franchisee support they provide and average months to steady-state revenue. Some have never had a unit closure. We try to work with brands that have a closure rate of less than 2 percent and have shown over time they know what they're doing.

Most brands we've approached were pretty readily interested. We've signed up Capriotti's Sandwich Shop, Marco's Pizza and Einstein Bros. Bagels, and have lots of other major franchisors we're talking to.

WHY ARE YOU CALLED APPLEPIE?
You know, it's really hard to find URLs these days. We wanted a name that was accessible and friendly. I asked my team over for dinner. I told them they could have all the food and drink they wanted, but they couldn't leave until we came up with a name. We got to dessert, and we still didn't have a URL. Then I served my famous apple pie, and that was it. We couldn't believe that no one had already taken ApplePie Capital.

ILLUSTRATION © ANDY MARTIN

THE GYM CONCEPT WITH MONETARY MUSCLE.

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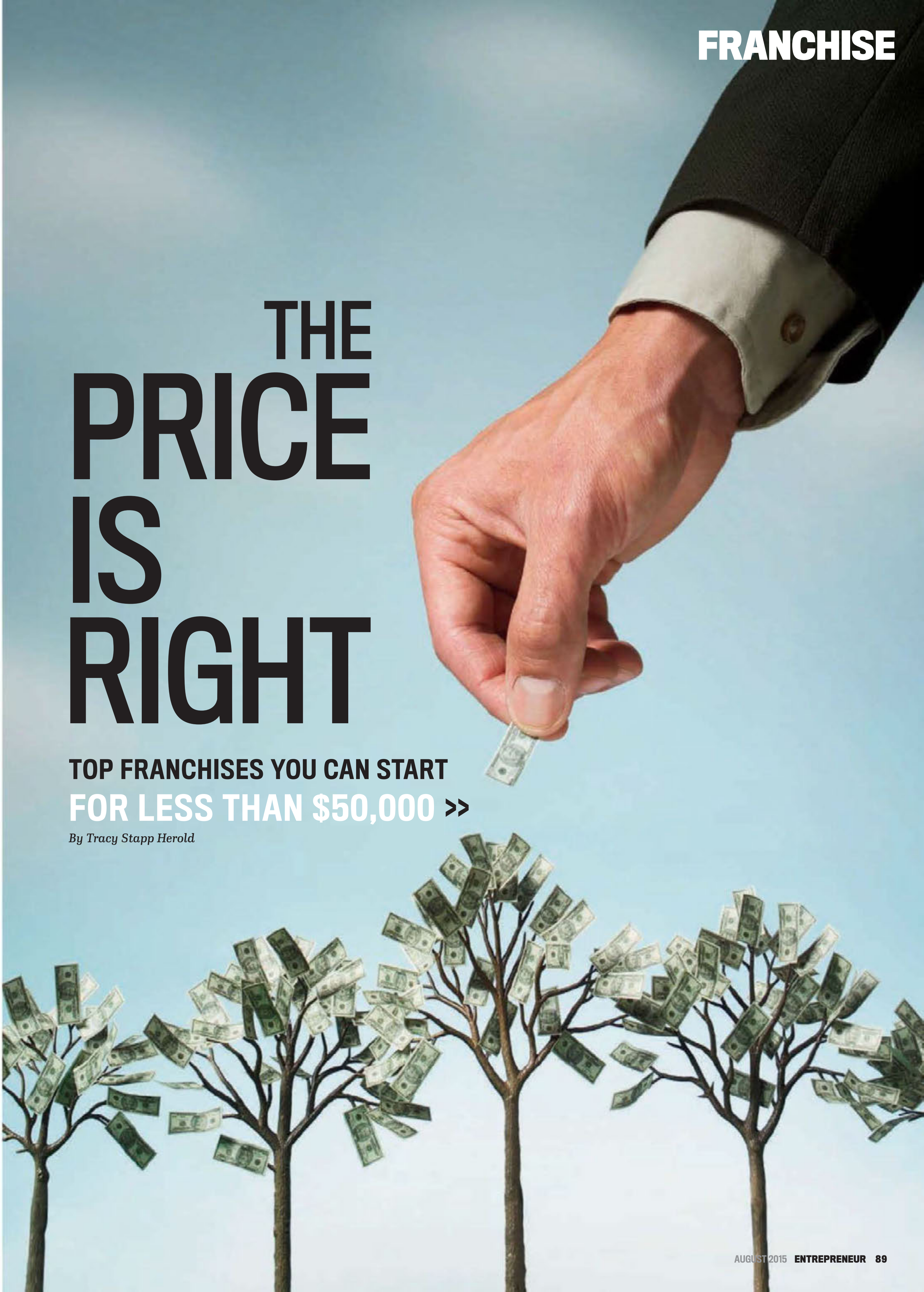

THE PRICE IS RIGHT

TOP FRANCHISES YOU CAN START FOR LESS THAN $50,000 >>

By Tracy Stapp Herold

PHOTO © CORBIS IMAGES/C.J. BURTON

Think you can't afford to be your own boss? Think again. On the following pages, you'll find our list of top franchises that can be started for less than $50,000. Some can even be started for less than $5,000. And with 87 companies listed, from pet-sitting and property management services to popcorn carts, you're sure to find an affordable franchise opportunity that sparks your passion.

These businesses are listed based on their ranking in *Entrepreneur*'s 2015 Franchise 500®, which is determined using objective, quantifiable criteria such as system size, growth and financial strength and stability. The listing is not intended as a recommendation of any particular business. Always conduct your own research, including reading a company's legal documents, consulting with an attorney and an accountant and talking to experienced franchisees to get the lowdown on any low-cost franchise you might be considering.

1 Jan-Pro Franchising International
Commercial cleaning
jan-pro.com
Startup cost: $3.1K-$50.9K
Total franchises/co.-owned: 11,676/0

2 H&R Block
Tax preparation, electronic filing
hrblock.com/franchise
Startup cost: $31.5K-$148.7K
Total franchises/co.-owned: 4,846/6,165

3 Cruise Planners
Travel agency
cruiseplannersfranchise.com
Startup cost: $2.1K-$22.7K
Total franchises/co.-owned: 1,757/1

4 Vanguard Cleaning Systems
Commercial cleaning
vanguardcleaning.com
Startup cost: $10.9K-$35.8K
Total franchises/co.-owned: 3,113/0

5 Jazzercise
Dance-fitness classes, conventions, apparel and accessories
jazzercise.com
Startup cost: $3.5K-$75.8K
Total franchises/co.-owned: 8,370/3

6 CleanNet USA
Commercial cleaning
cleannetusa.com
Startup cost: $9.8K-$97.95K
Total franchises/co.-owned: 2,951/14

7 Coverall Health-Based Cleaning System
Commercial cleaning
coverall.com
Startup cost: $14.1K-$47.7K
Total franchises/co.-owned: 7,996/0

8 Chem-Dry Carpet & Upholstery Cleaning
Carpet, drapery and upholstery cleaning; tile and stone care
chemdryfranchise.com
Startup cost: $40K-$140K
Total franchises/co.-owned: 3,565/0

9 RE/MAX
Real estate
remax.com
Startup cost: $37.5K-$279.5K
Total franchises/co.-owned: 6,751/21

10 Cellairis Franchise
Cell-phone and wireless-device accessories and repairs
cellairis.com
Startup cost: $43.1K-$397K
Total franchises/co.-owned: 577/51

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11 **Anago Cleaning Systems**
Commercial cleaning
anagocleaning.com
Startup cost: $10.5K-$65.6K
Total franchises/co.-owned: 2,456/0

12 **Proforma**
Printing and promotional products
onlyproforma.com
Startup cost: $4.7K-$50.2K
Total franchises/co.-owned: 703/0

13 **Heaven's Best Carpet & Upholstery Cleaning**
Carpet and upholstery cleaning
heavensbest.com
Startup cost: $44.9K-$65.9K
Total franchises/co.-owned: 1,259/0

14 **Rooter-Man**
Plumbing, drain and sewer cleaning
rooterman.com
Startup cost: $46.8K-$137.6K
Total franchises/co.-owned: 497/17

15 **Buildingstars International**
Commercial cleaning
buildingstars.com
Startup cost: $2.2K-$52.4K
Total franchises/co.-owned: 566/0

16 **Bricks 4 Kidz**
Lego-engineering classes, camps, parties
bricks4kidz.com
Startup cost: $33.8K-$51.1K
Total franchises/co.-owned: 649/1

17 **Pillar To Post Home Inspectors**
Home inspections
pillartopost.com
Startup cost: $33.2K-$42.6K
Total franchises/co.-owned: 460/0

18 **Novus Glass**
Auto glass repair and replacement
novusfranchising.com
Startup cost: $46.8K-$229.5K
Total franchises/co.-owned: 1,627/17

19 **Club Z! In-Home Tutoring Services**
In-home tutoring
clubztutoring.com
Startup cost: $32.6K-$56.6K
Total franchises/co.-owned: 390/0

20 **Sculpture Hospitality**
Liquor inventory-control services
sculpturehospitality.com
Startup cost: $43.4K-$57.1K
Total franchises/co.-owned: 376/5

A MIXED BAG OF BARGAINS

Of the 87 franchises on this list ...

87 (100%) can be started for less than **$50,000**

58 (66.6%) can be started for less than **$40,000**

34 (39.5%) can be started for less than **$30,000**

23 (26.4%) can be started for less than **$20,000**

14 (16.3%) can be started for less than **$10,000**

8 (9.3%) can be started for less than **$5,000**

FOR LESS THAN $50K, YOU CAN LAUNCH
ACFN-The ATM Franchise Business
Cellairis Franchise
Sit Means Sit Dog Training

FOR LESS THAN $40K, YOU CAN LAUNCH
Doc Popcorn
Complete Weddings and Events
Bricks 4 Kidz

FOR LESS THAN $30K, YOU CAN LAUNCH
Critter Control
Flower Tent
Drama Kids International

FOR LESS THAN $20K, YOU CAN LAUNCH
American Poolplayers Association
Computer Troubleshooters
Decor Group

FOR LESS THAN $10K, YOU CAN LAUNCH
MindsAhead Academy
Mr. Sandless/ Dr. DecknFence
Coffee News

FOR LESS THAN $5K, YOU CAN LAUNCH
Cruise Planners
Jan-Pro Franchising International
Jazzercise

PHOTO © SHUTTERSTOCK/ANNT

Beyond the classroom: A student art show hosted by Abrakadoodle franchisee Dawna Kelly (below).

ARTISTIC LICENSE

A Detroit couple turns their low-cost investment into a high-grossing business

"Our emphasis is on creativity and imagination," says Dawna Kelly, a Detroit-area Abrakadoodle franchisee. "You don't have to draw your tree like my tree; the sky is not always blue."

She's talking about the Sterling, Va.-based company's approach to teaching art to kids, but the philosophy fits her approach to business, too.

Kelly, who runs the venture with her husband, Al, began thinking outside the box when choosing a franchise. Looking at her credentials—a former financial analyst for Ford and management consultant for Microsoft with degrees in computer science and finance—one would not expect her to pursue a career in children's art education. But Kelly sees it as a natural fit.

"Every job that I've had, the most enjoyable part of it was teaching. So while it seems like a completely different ballgame going from tech and finance to what I'm doing now, it's still teaching," she explains. "I'm passionate about education and how it can change your life, so Abrakadoodle just seemed like the perfect franchise for me."

Cost was also a factor in the decision. Like many Abrakadoodle franchisees, the Kellys were able to start their business for less than $50,000. "We knew that we'd have to make an investment, but we weren't prepared to make a six-figure investment," Kelly says.

When it came to making that investment profitable in the Detroit area, the Kellys believed they'd need to color outside the lines. While the majority of Abrakadoodle franchisees primarily offer after-school enrichment programs paid for by parents, the Kellys chose to focus on obtaining contracts to provide art classes for local schools.

Their strategy paid off when the recession hit shortly after they opened in 2007. "Parents may or may not have been able to afford after-school programs," Kelly recalls, "but there were a lot of schools that still wanted to have a quality art program and could still afford to do so." Especially with Abrakadoodle, which offers schools the option of holding classes up to five days per week.

Today the Kellys oversee a staff of 26 teachers serving as many as 30 schools. And after successfully riding out the recession, last year they decided to open a studio to satisfy parents' demands for art-themed parties and after-school classes. Meanwhile, other franchisees are beginning to emulate their model of focusing on school partnerships—and for good reason. The Kellys were recognized last year as Abrakadoodle's highest-grossing franchisees.

Though she never questioned her choice of franchise, or her decision to run the business differently from her fellow franchisees, Kelly is still surprised by the results.

"I had no idea that Abrakadoodle would be as successful for us as it has been. We thought it would be maybe five to 10 schools, something just to replace income. But it turned out to be much bigger than that, financially as well as personally," she says. "The kids, when you see them doing their projects and you see all the things that they learn—they light up. And I light up as well." *—T.S.H.*

PHOTOS © AL KELLY

21 **N-Hance**
Wood floor and cabinet refinishing
nhancefranchise.com
Startup cost: $24.3K-$131.98K
Total franchises/co.-owned: 347/0

22 **HomeVestors of America**
Home buying, repair and selling
homevestors.com
Startup cost: $42K-$347.3K
Total franchises/co.-owned: 587/0

23 **Coffee News**
Weekly newspaper distributed at restaurants
coffeenews.com
Startup cost: $9.3K-$10.3K
Total franchises/co.-owned: 785/5

24 **CruiseOne**
Travel agency
cruiseonefranchise.com
Startup cost: $3.2K-$21.9K
Total franchises/co.-owned: 1,000/0

25 **Mint Condition Franchising**
Commercial cleaning, building maintenance
mintconditioninc.com
Startup cost: $4.9K-$45.4K
Total franchises/co.-owned: 306/0

26 **MaidPro**
Residential cleaning
maidpro.com
Startup cost: $45.9K-$202.8K
Total franchises/co.-owned: 187/1

27 **CPR-Cell Phone Repair**
Electronics repairs and sales
cellphonerepair.com
Startup cost: $24.6K-$228.5K
Total franchises/co.-owned: 198/5

28 **Soccer Shots Franchising**
Soccer programs for ages 2 to 8
soccershotsfranchising.com
Startup cost: $31.7K-$38.5K
Total franchises/co.-owned: 156/10

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5 Mantras for Moving Forward

BY JEREMY BLOOM • Olympic Skier, NFL Player, CEO, Philanthropist

*A **world-champion skier**, Jeremy Bloom missed his shot at Olympic gold. As an **All-American football player**, he saw his collegiate career put to a halt by the NCAA; then sidelined by injuries, he spent a frustrating period in the **NFL**. Bloom, now an **entrepreneur, CEO, and philanthropist**, shares the 5 personal mantras that have helped him transition from the top of the mountains, onto the gridiron, and into the boardroom.*

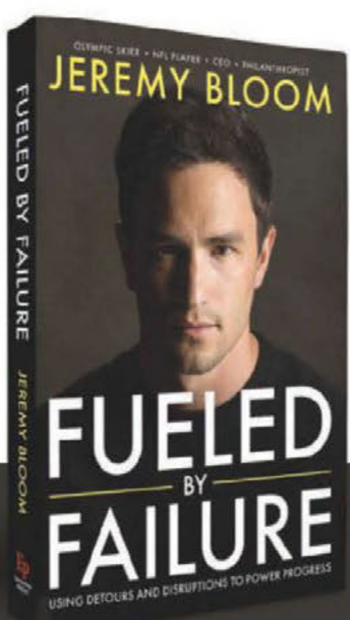
SET A DEADLINE. The most important step to overcoming adversity and negative feelings: Don't wallow. Instead, set a deadline for accepting what has happened, at least emotionally. This emotional acceptance is crucial—and so is the deadline. My deadline is 48 hours.

FOCUS ON YOUR SKILLS. Always come back to what you know and have the confidence to trust in your skills. In business, that could mean reminding yourself that your skills as a salesman will allow you to clinch a deal, or that your skills as a marketer will give you what you need to create a successful campaign, or that your financial acumen will allow you to budget just right every time.

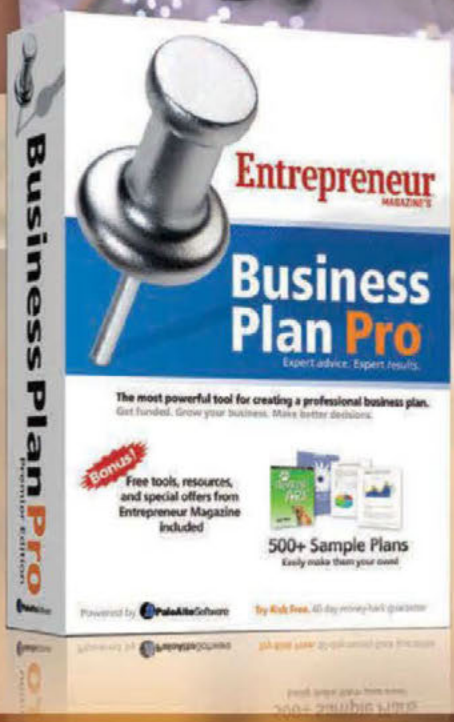
ELIMINATE DISTRACTIONS. We all encounter distractions that we can't control, and many of them put enormous pressure on us—but only if we allow them to. There are strategic times when you need to close off all distractions and focus on one goal. The two most important actions you need to take in order to stay mentally focused are eliminating the outside noise and focusing on what you need to master.

LET GO OF THE NEED TO WIN. Sometimes we get stuck analyzing and thinking about what everyone else is doing and what we need to do in order to win. It's important to take a moment and focus on what really matters to you and what motivates you intrinsically. To become more intrinsically motivated, I stopped focusing on beating others, getting rich, and caring what everyone thought about me. I began to focus more on what I wanted to get out of life, the person that I ultimately wanted to become, and how I could get better at whatever I was doing. And ironically, I started winning much more often.

BE A LEADER—NOT A VICTIM. If you have not embraced failure in a positive manner, learned from it, and reprogrammed your ego to your own intrinsic motivation, it is much harder to become a successful leader. Taking ownership is the first step to not becoming a victim. Don't be afraid to say, "Yes, I screwed that one up … my fault." Then, give yourself a deadline to accept what happened, look for other ways to succeed, and refocus your goals.



Jeremy Bloom is the co-founder and CEO of Integrate, a marketing software company that has raised over $45 million in venture capital. He is a member of the United States Skiing Hall of Fame, a two-time Olympic skier and World Cup gold medalist, as well as a former NFL player for the Philadelphia Eagles and the Pittsburgh Steelers. He is also the founder of the Wish of a Lifetime Foundation, an organization that grants lifelong wishes to senior citizens.



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29 My Gym Children's Fitness Center
Early-learning/fitness programs
mygym.com
Startup cost: $34.3K-$247.2K
Total franchises/co.-owned: 329/0

30 HappyFeet Legends International
Soccer programs for ages 2 to 18
happysoccerfeet.com
Startup cost: $21.3K-$25.2K
Total franchises/co.-owned: 171/4

31 WIN Home Inspection
Home inspections
winfranchising.com
Startup cost: $33.9K-$54.5K
Total franchises/co.-owned: 182/0

32 Mr. Sandless/Dr. DecknFence
Interior and exterior sandless wood refinishing
mrsandless.com
Startup cost: $26.8K-$87.7K
Total franchises/co.-owned: 258/11

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33 Kitchen Tune-Up
Residential and commercial kitchen and bath remodeling
kitchentuneup.com
Startup cost: $45.8K-$55.9K
Total franchises/co.-owned: 173/0

34 Fresh Coat
Residential and commercial painting
freshcoatpaintersfranchise.com
Startup cost: $49.4K-$76.95K
Total franchises/co.-owned: 112/0

35 Just Between Friends Franchise Systems
Children's and maternity consignment events
jbfsale.com
Startup cost: $26.97K-$39.2K
Total franchises/co.-owned: 145/1

36 Estrella Insurance
Auto, home and business insurance
estrellainsurance.com
Startup cost: $49.95K-$84K
Total franchises/co.-owned: 93/0

FRANCHISE

37 Dale Carnegie Training
Workplace training and development
dalecarnegie.com
Startup cost: $26K-$182.5K
Total franchises/co.-owned: 202/2

38 The Glass Guru
Window and glass restoration and replacement
theglassguru.com
Startup cost: $30.2K-$119.99K
Total franchises/co.-owned: 92/0

39 Doc Popcorn
Kettle-cooked popcorn
docpopcorn.com
Startup cost: $39K-$355.1K
Total franchises/co.-owned: 94/2

40 Acti-Kare
Nonmedical home care
actikare.com
Startup cost: $32.6K-$51.6K
Total franchises/co.-owned: 90/0

41 Certified Restoration DryCleaning Network
Textile restoration
crdn.com
Startup cost: $45.6K-$235.5K
Total franchises/co.-owned: 156/0

42 Plan Ahead Events
Corporate event planning
discoverplanaheadevents.com
Startup cost: $45.9K-$71.2K
Total franchises/co.-owned: 129/0

43 Jet-Black Franchise Group
Asphalt maintenance
jet-black.com
Startup cost: $46.5K-$113.7K
Total franchises/co.-owned: 86/10

44 Aire-Master of America
Restroom deodorizing and maintenance
airemaster.com
Startup cost: $36.1K-$124.9K
Total franchises/co.-owned: 102/4

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52 **Unishippers Global Logistics**
Shipping services
unishippers.com
Startup cost: $48.2K-$2.2M
Total franchises/co.-owned: 222/92

53 **Heits Building Services**
Commercial cleaning and maintenance
heits.com
Startup cost: $9K-$71.95K
Total franchises/co.-owned: 201/0

54 **Hallmark Homecare**
Caregiver search, recruitment and placement
hallmarkhomecare.com
Startup cost: $13.9K-$26.9K
Total franchises/co.-owned: 75/0

55 **Homes & Land**
Real-estate advertising magazine
homesandland.com
Startup cost: $47.1K-$127K
Total franchises/co.-owned: 224/18

56 **Happy & Healthy Products**
Frozen fruit bars
happyandhealthy.com
Startup cost: $37.2K-$113.1K
Total franchises/co.-owned: 63/0

57 **Jantize America**
Commercial cleaning
jantize.com
Startup cost: $49.7K-$253.5K
Total franchises/co.-owned: 236/0

58 **National Property Inspections**
Home and commercial property inspections
npifranchise.com
Startup cost: $38.7K-$42.1K
Total franchises/co.-owned: 216/0

59 **Techna Glass International**
Windshield repair and replacement
technaglass.com
Startup cost: $41.6K-$175.7K
Total franchises/co.-owned: 30/22

FRANCHISE

60 **Green Home Solutions**
Environmentally friendly mold cleaning, pest control and odor elimination
greenhomesolutions.com
Startup cost: $21.1K-$72.7K
Total franchises/co.-owned: 102/1

61 **DKI**
Insurance/disaster restoration
dkiservices.com
Startup cost: $47.1K-$164.8K
Total franchises/co.-owned: 347/0

62 **The Decor Group**
Holiday and event lighting
thedecorgroup.com
Startup cost: $18.1K-$40.3K
Total franchises/co.-owned: 242/0

63 **CEO Focus**
Peer consulting groups for small-business owners
ceofocus.com
Startup cost: $41.5K-$63K
Total franchises/co.-owned: 27/5

64 **Snaggle Foot Dog Walks & Pet Care**
Pet-sitting, dog-walking
snagglefoot.com
Startup cost: $12.2K-$21.8K
Total franchises/co.-owned: 26/5

65 **The Senior's Choice**
Nonmedical home care
theseniorschoice.com
Startup cost: $38K-$55K
Total franchises/co.-owned: 170/1

66 **Duct Doctor USA**
Residential and commercial air-duct cleaning
ductdoctor.com
Startup cost: $41K-$136.5K
Total franchises/co.-owned: 25/0

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67 **Colors On Parade**
Mobile auto paint and dent repair
colorsonparade.com
Startup cost: $39.7K-$525K
Total franchises/co.-owned: 266/8

68 **Flower Tent**
Flower store
flowertent.com
Startup cost: $28.2K-$82.2K
Total franchises/co.-owned: 83/10

69 **Engineering for Kids**
Math, science, technology and engineering activities
engineeringforkids.com
Startup cost: $33.1K-$88.6K
Total franchises/co.-owned: 126/2

70 **360clean**
Commercial cleaning
360clean.com
Startup cost: $13.9K-$21.4K
Total franchises/co.-owned: 82/0

71 **Window Gang**
Window, exterior, dryer-vent and chimney cleaning; deck and fence sealing
windowgang.com
Startup cost: $34.4K-$81.1K
Total franchises/co.-owned: 151/36

72 **Computer Troubleshooters**
Technology consulting for small businesses
comptroub.com
Startup cost: $17.2K-$82.9K
Total franchises/co.-owned: 344/0

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FRANCHISE

73 Baby Boot Camp/Karna Fitness
Prenatal and postnatal fitness; women's private and small-group training
babybootcamp.com
Startup cost: $4.8K-$10.2K
Total franchises/co.-owned: 128/1

74 Sunbelt Business Brokers
Business brokerage
sunbeltnetwork.com
Startup cost: $41.7K-$96.5K
Total franchises/co.-owned: 200/1

75 i9 Sports
Youth sports leagues, camps and clinics
i9sportsfranchise.com
Startup cost: $44.9K-$69.9K
Total franchises/co.-owned: 123/16

76 Brickhouse Cardio Club
Fitness studio
brickhousecardio.com
Startup cost: $18.95K-$31.9K
Total franchises/co.-owned: 53/1

77 MindsAhead Academy
Enrichment and tutoring programs
mindsahead.com
Startup cost: $8.7K-$75.2K
Total franchises/co.-owned: 611/1

78 You've Got Maids
Environmentally friendly cleaning
youvegotmaids.com
Startup cost: $34.9K-$108.9K
Total franchises/co.-owned: 47/0

79 Critter Control
Wildlife management, pest control
crittercontrol.com
Startup cost: $25.1K-$85.4K
Total franchises/co.-owned: 110/0

80 Pet Butler
Pet-waste cleanup and removal
petbutler.com
Startup cost: $30K-$42K
Total franchises/co.-owned: 101/0

81 Oxi Fresh Franchising
Carpet cleaning
oxifreshfranchise.com
Startup cost: $37.7K-$65.6K
Total franchises/co.-owned: 268/6

82 Drama Kids International
After-school drama classes and summer camps
dramakidsfranchises.com
Startup cost: $28.5K-$46.5K
Total franchises/co.-owned: 193/0

83 Ident-A-Kid Franchise
Children's safety products and services
identakid.com
Startup cost: $34.1K-$44.3K
Total franchises/co.-owned: 132/0

84 ACFN-The ATM Franchise Business
Automated teller machines
acfnfranchised.com
Startup cost: $40.4K-$67.8K
Total franchises/co.-owned: 238/0

85 Complete Weddings and Events
Photography, DJ, video and photo-booth services
completewedo.com
Startup cost: $30.4K-$48.7K
Total franchises/co.-owned: 200/2

86 Property Management Inc.
Commercial and residential property management
propertymanagementinc.com
Startup cost: $20.3K-$61K
Total franchises/co.-owned: 93/2

87 Abrakadoodle
Art-education programs
abrakadoodle.com
Startup cost: $37.8K-$80.5K
Total franchises/co.-owned: 170/2

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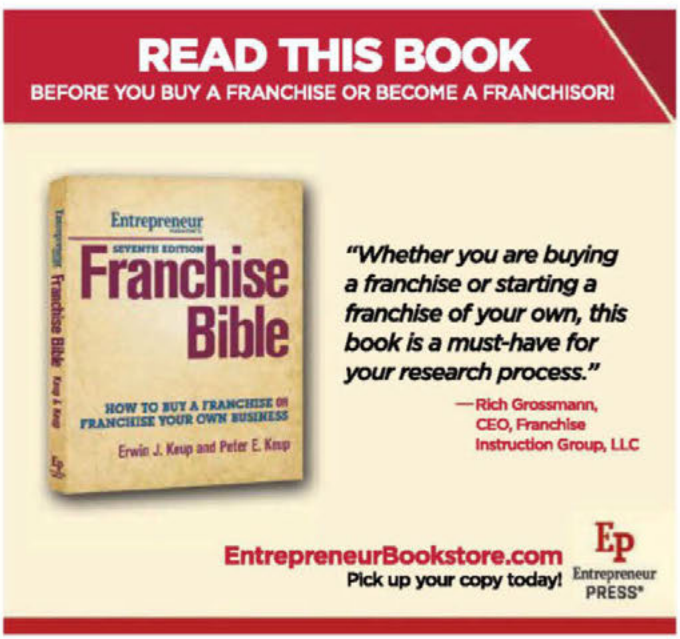

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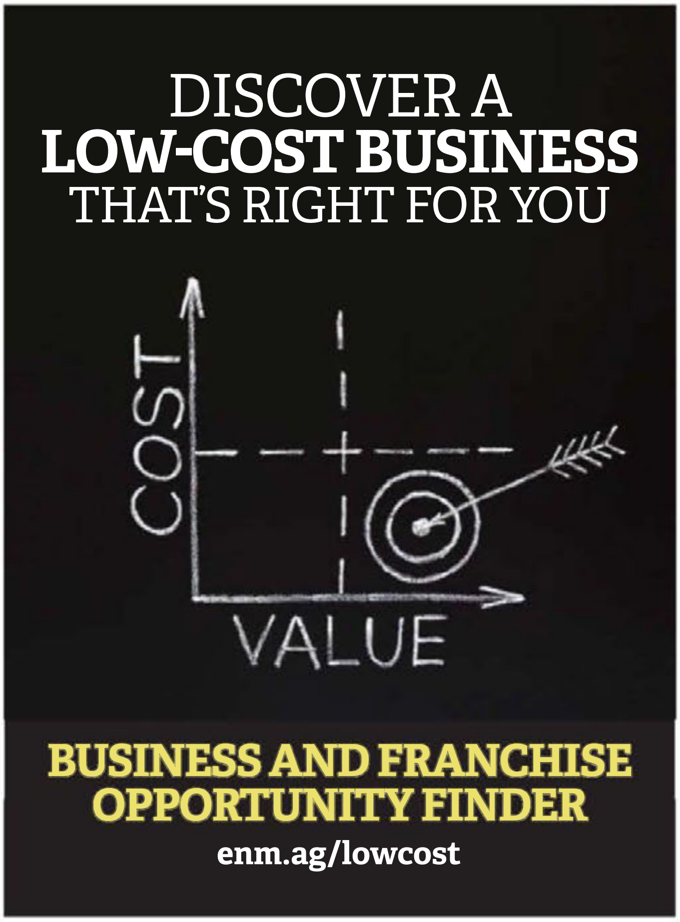
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Quiz: Is it time to relocate?

Circle each answer that applies, then add up the points to find out whether it's time for you to pull up stakes.

By Ross McCammon

1. Which best describes the current state of your business?
A. Flailing (5)
B. Thriving (-5)

2. Which best describes the current state of yourself?
A. Lost (3)
B. Found (-3)

3. Which best describes the current state of the weather outside?
A. Gross (2)
B. Another glorious day! (-2)

4. Which of the following words have been used to describe you? (Circle all that apply.)
A. Flighty (3)
B. Restless (3)
C. Twitchy (3)
D. Fidgety (3)
E. Inert (-8)

5. When I say, "relocate," you think …
A. Flint to Guangzhou (7)
B. Camden to Atlanta (5)
C. This neighborhood to that neighborhood (3)
D. Office to conference room (0)
E. Chair to sofa (-2)

6. How long have you been in your current location?
A. Fewer than five years (0)
B. More than five years (3)
C. More than 10 years (6)

7. Which best describes your current business facilities? (Circle all that apply.)
A. Outmoded (2)
B. Undersized (2)
C. Expensive (2)
D. Cavernous (2)
E. Cramped (2)
F. Leveled by natural disaster (6)

8. Compare the grass over there to the grass over here.
A. Greener (0)
B. A lot greener (2)
C. What is that? Juniper? It's almost Emerald. Anyway, it's gorgeous! (4)

9. Which of the following do you find yourself doing more and more?
A. A-wonderin' (0)
B. A-hankerin' (3)
C. A-yearnin' (7)
D. A-makin' Excel docs to compare work forces, cost of living, crime rates and real estate (12)

10. Which of the following would seem like a welcome change of scenery? (Circle all that apply.)
A. Yonder (2)
B. Anywhere but here (4)
C. West of Hell (8)
D. Delaware (13)

11. Which best describes your ties to your current location?
A. Deep roots (0)
B. Hanging on by a thread (4)

12. Of the following cities named in major publications as a "best place to live," which have you considered moving to?
A. Madison, Wis. (2)
B. Boulder, Colo. (2)
C. Cincinnati (2)
D. Las Vegas (2)

13. Of the following cities named in major publications as a "worst place to live," which have you considered moving to?
A. Detroit (10)
B. Newark, N.J. (10)
C. Los Angeles (10)
D. Las Vegas (10)

14. Which have you recently muttered?
A. "We gotta get outta here." (3)
B. "Can't take it anymore." (7)
C. "It was late when Tom Joad drove along a country road looking for the Weedpatch camp. There were few lights in the countryside. Only a sky glare behind showed the direction of Bakersfield. The truck jiggled slowly along …" (30)

KEY

0 points: You're staying put.

1 to 10 points: It's only an itch. Assess the positive aspects of your current location to remind yourself that things aren't so bad where you are.

11 to 20 points: You should perform a comparative analysis of the costs and benefits of relocation.

21 to 30 points: You have performed a comparative analysis and determined that you should relocate.

31 to 40 points: You are currently traveling through the Dust Bowl–era American Southwest on the way to Californy. Godspeed, pilgrim. Godspeed.

More than 40 points: After consulting with a color specialist, you think the grass over there is obviously Pistachio with maybe a drop of Shamrock, and that it's just way, way greener than the grass on this side of the fence.


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